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Editorial AS WE SEE IT

In order to "build a better public understanding" of factors influencing economic growth, inflation and related matters, the so-called Nixon Committee has issued another general exposition of elementary economic truths. It seems to us to be largely a reiteration of "lines" which the Administration has been using for a good while past—the need for Treasury surpluses in good times and the advisability, not to say the necessity, of removing the coupon rate limitation on long-term Treasury obligations. The Committee and the Administration are, of course, on strong ground in demanding steps of this sort. Both are essential to good management of national financial affairs. If repeated reminders of them are likely to make a real impression upon public thought, we hail that repetition though it come often and late.

But the Committee neither in this last outgiving nor in any of the others has revealed the sort of insight into these questions that would give cause for great rejoicing. In the first place, implicit in all of the Committee's utterances is full faith or support of the doctrine that it is somehow the bounden duty of the Federal Government to eliminate, or at the very least greatly to minimize the force of the so-called business cycle, and to be the leading force in promoting long-term economic growth. In other words full support of the basic philosophy of the full employment act is evident in all that the Committee has had to say. In fact, the proposals for better fiscal management and for removing the limit on the coupon rate on long-term governments are now brought forward and strongly advocated for the express reason that they handicap the Government seriously in its efforts to prevent inflation and to promote economic growth.

The Committee says success in its efforts to prevent inflation and to promote economic growth depends in large measure upon better public understanding of the problems involved. That is prob- *(Continued on page 26)*

Stock Market Danger Signals

By Anthony Gaubis, Investment Counselor*
New York City

Prominent investment adviser maintains market is near a major cyclical peak. Cites (1) stocks' "popularity-premium" on basis of 40-year record; (2) stock-bond yield ratio; (3) current stage in the business cycle; (4) recent rediscount rate rise; and (5) historical "Time Cycles." Based on past precedents, predicts decline in Dow-Jones Average to 430-450 range, as first downward "leg" of a more important cyclical readjustment. Advises portfolio holdings of common stocks at 40-60% level.

One of the most important things which investors must keep in mind is that there are always two sides to the stock market picture. This will inevitably be the case as long as the Stock Exchange is open, as every trade depends on a decision to sell being offset by a decision to buy and, of course, vice versa. If everyone had agreed, for example, that the summer of 1929 or the spring of 1937 were not good times to buy stocks for either short-term or long-term investment, the Stock Exchange would have had to close because of a complete absence of buyers. Conversely, at the subsequent lows, when the vast majority of stocks had declined by 50% to 75% or more from their previous peaks, there would have been few trades because stocks were so very cheap in relation to basic values that virtually all of the offerings would have been withdrawn.

Anthony Gaubis

Stock Prices and Values

At this point, I might mention that I am in agreement with the concept of the stock market cycle as being merely wide fluctuations in stock prices, with swings in popularity to above and below slowly moving values. After an extended advance, people tend to forget that the value of a business is based on long-term earning power and dividend prospects, and not on earnings for any single year. It is unfortunate that this confusion between prices and values is so widespread and, particularly, that our market manipulators do not hesitate to encourage the confusion. However, it is probably an essential part of the process of getting large numbers of people to buy stocks when they are basically very high, and to be willing to dispose of their holdings following substantial declines.

On the basis of my own studies, we now appear to be either past or very close to a major cyclical peak in the stock market. I shall try to support this conclusion from five different points of view. These are:

(1) The evidence that stocks are selling at a premium for popularity, as judged by price-earnings relationships over the past forty years;
(2) The relationship of stock to bond yields;
(3) Our stage in the business cycle;
(4) The correlation between changes in Federal Reserve rediscount rates and cyclical peaks in the stock market; and
(5) Our position in one of the three 10-year "Time" cycles which I first developed in 1930.

I
Price-Earnings Relationships

The level of stock prices to earnings—**and particularly to income during periods when business is quite active**—is probably one of the best clues as the whether stocks are selling at a premium for popularity or at a discount for unpopularity. The record since 1920 shows that it has always been wise to start to go contrary to the almost inevitable growing chorus of optimism which develops as stock prices advance, once the type of stocks which make up the Dow-Jones Industrial Average reach the equivalent of between 16 and 18 times a prosperity level of earnings. In 1929, the Dow-Jones Industrials touched a high equal to 19.1 times the earnings which were to be reported for that year but, of course, the anticipated level of earnings at the time the highs were recorded was somewhat above those actually wit- *(Continued on page 26)*

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Western Air Lines

Just about 4½ years ago, in *The Commercial and Financial Chronicle* of May 5, 1955, I had the pleasure to write a lengthy article on Western Air Lines as "The Security I Like Best." At that time "WSX" stock was quoted on the New York and Pacific Coast Stock Exchanges around $20 a share. Earlier this year, the price rose to a peak of $38, and the present quotation is approximately $34. Today we shall take another optimistic look at Western Air and its pretty stewardesses. This highly-efficient, medium-sized regional carrier is scoring a dramatic upturn in earnings and traffic.


Eldon A. Grimm

Record Earnings: Indeed at this moment, it looks as though net profit for 1959 will score a new all-time high by a wide margin. As a rough estimate, the writer can see 1959 net soaring to around $4.25 or $4.40 a share, even allowing for some increase in the number of shares outstanding.

There are 1,025,000 common shares now and this total will expand a bit further due to continuing conversions of a small $2 million issue of 4¼% debentures, which are convertible into stock at $18.83. These are currently quoted at a fat premium of $180 bid.

For the first half of 1959, profit jumped to $1.87 a share. A busy month in July added 50 cents more to this figure, and a booming August chalked up an additional 73 cents. Hence, net for the initial 8 months of 1959 leaped to a record $3.10, with all but 6 cents of this total representing actual operating profit. (The 6 cents was derived from sale of property.)

Steep Recovery From 1958: Comparison with last year's results is somewhat difficult. For the first 8 months of 1958, only 10 cents was "earned," and profit for the entire year came to $1.51. However, all of last year's income originated from sale of used airplanes at a profit. The reason is that Western was shut down for 108 days last year (from late February to early June) by a pilots' strike. It was the longest full-scale suspension of service by any carrier in airline industry history, far exceeding the 73-day pilots' strike which Western experienced two years earlier.

Getting back into the air in June of last year, after this 108-day "holiday" presented a host of problems. Each plane had been coated with ugly, brown chemical preservatives to prevent damage to metal. There was a lot of masking tape to remove. It was even a big job to round up scattered Western stewardesses, one of whom reported in with a picture postcard showing her seated on a camel in a remote part of the world.

Fortunately, there is good reason to think that most of Western's "labor" difficulties are a thing of the past, and that much calmer skies lie ahead in this field. Hence, the airline can now achieve some substantial earnings results, it would seem.

Operates in Top Growth Territory: Gross revenues are currently running at an annual rate of about $55 million, by far the highest level in history. That's a whopping 40 times the figure of only 20 years ago, and 5 times the amount of 10 years ago. Some years from now, traffic will probably run double today's achievement.

In recent years, Western's route structure has been greatly strengthened by extensions into new market areas. There are over 9,000 miles in the system, including a thick network of north-south routes all the way up and down the Pacific Coast. All of the major cities such as San Francisco and Los Angeles are served. From California, flight paths fan out to various inland and Rocky Mountain cities such as Salt Lake, Denver, Phoenix, Las Vegas and Cheyenne and—on to the twin cities of Minneapolis and St. Paul. Other routes go northward to Calgary and Edmonton in Alberta, Canada. A relatively new flight runs from Los Angeles down to Mexico City.

Territory served benefits from rapid industrialization, including some major missile and atomic installations. Dozens of famous vacation spots are covered. Right in the heart of Western's "empire" is California, which will be the most populous state in the nation within the next decade. In the western United States, travelers are avidly air-minded, because distances between cities are usually much greater than they are in the East.

Has Entered Jet Age: Western Air Lines entered the jet age for the first time on Aug. 1 this year with the Lockheed "Electra" prop-jet. So far, 9 Electras have been ordered, 5 for delivery this year, and 4 more in early 1960. Western is also expected to consider purchase of a fleet of intermediate-range "pure jets." Of course, such jet aircraft must be of a type which would fit in with the line's relatively short, and medium-haul pattern. President Drinkwater has emphasized this point in aptly stating that "We would not need the SS United States for a trip across Lake Tahoe."

Financing of the 9 Electras has been taken care of already. But any acquisition of "pure jets" would likely entail additional financing arrangements. Western operates 33 piston-engine craft, including 27 DC-6B's and 6 Convairs.

Seeking New Routes: Western has applied to the C.A.B. to serve certain ambitious new routes, such as from Los Angeles and San Francisco-Oakland to Hawaii, and from California down to Texas. However, the competition among various airlines for schedules such as these is extraordinarily keen and the outcome is highly unpredictable. Any flight to Hawaii, of course would require the acquisition of "giant" jets.

America's Pioneer Airline: Western Air, now 33½ years old, claims to be America's oldest commercial airline from the standpoint of continuous operation. It started flying mail and passengers in 1926. In 1928 it adopted the legendary title of "Western Air Express." The present name was born in 1941. Operations have been subsidy-free since 1951. Earnings results have been in the profit column each year since 1949. Western was one of the first airlines to introduce economical "coach class" flights. It has been a pioneer in honoring various credit cards. A revolutionary electronics reservations system, designed and built by Teleregister Corp., enables ticket agents at some 96 locations to determine seat availability on as many as 60,000 flight segments up to 6 months in advance.

The company boasts about 2,600 employees and 7,500 shareholders. A new policy of releasing earnings statements on a monthly basis has been inaugurated.

Some Thoughts About the Future: As we all know, the airline business enjoys an unusually strong growth trend. At the same time, it is fiercely competitive. The Government agency which regulates airline fares must strive to allow the carriers an adequate return on their investment.

It appears certain that Western's management will continue to do an excellent job in the jet age. Western Air Lines seems to be "going places" along with the mushrooming population and indefatigable energy of the West.

The company's dividend, which has totaled 80 cents in cash plus 4% in stock each year for the past 4 years, was raised early this week. A quarterly of 25 cents was declared vs. 20 cents previously. Because of the higher cash payout, discontinuance of the foregoing stock dividend is being considered.

This Week's Forum Participants and Their Selections

Western Air Lines — Eldon A. Grimm, Vice-President, Walston & Co., Inc., New York City. (Page 2)

Stuart Company — Kenneth E. Mangum, Harbison & Henderson, Los Angeles, Calif. (Page 2)

KENNETH E. MANGUM
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Kenneth E. Mangum

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In 1958, a $3 million plant located in Pasadena, California, was completed and financed entirely from within. The building represents an unusually functional facility recognized as one of the five finest architectural achievements of 19[illegible] A combination of

Continued on page 41

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Present Imperative Need For Advance Refunding

By Julian B. Baird, Under Secretary for Monetary Affairs, Treasury Department, Washington, D. C.*

Treasury spokesman announces advance refunding plan involving about $20 billion depends upon being freed from the present locked-in one-to-five-year bracket. Mr. Baird says this depends upon Congressional action to remove the interest-rate ceiling—assuming no decline in interest rates occur. The Under Secretary finds encouraging the growing public's support of prudent financial practices; inveighs against easy money advocates who would lessen Fed's independence and fix interest rates by fiat; and denies reconstruction of our debt structure need be as extensive as Canada's. Mr. Baird defends the new rate for savings bonds, and avers the solutions to our problems are not beyond our reach.

Two major problems are facing the people of this country today. They are not the only problems confronting us as a nation, but I would submit that, in many ways, they overshadow all others in dimension at the present time. The solution of most other questions of national significance depends on our finding the right answers to these two major problems.


Julian B. Baird

The first is, of course, our national security. We are living in a period of great international tension. We can expect that the situation as we have known it since World War II will vary in intensity. But I believe we must recognize that the cold war, in one form or another, may be with us for a long time.

Adequate defense in such a period is a massive job and a many-sided one. Military power, economic strength, and world leadership on a number of different fronts are all called for to an extent unprecedented in our peace-time history.

This, then, is our first major task—national security. The second is so closely linked with it that I have some hesitation in speaking of the two as separable issues. But, for emphasis, it may be well to do so. This second problem—and the one with which I am mainly concerned at this time — is the maintenance of financial policies, or, more particularly, fiscal, monetary, and debt management policies, that will preserve the purchasing power of our currency and thus contribute to sustainable economic growth.

The basic health of the American economy provides powerful support for a strong currency. We have recently weathered a recession without serious interruption to long-term growth and without the need for government intervention on any massive scale. Prior to the steel strike, recovery had been proceeding for 14 months and new all-time records were reached in industrial production, employment, incomes, retail sales, construction, and various other measures of economic activity. With prudent management of our affairs, we need have no fears as to the strength of the economic forces which underpin our currency.

Bankers need not be told that the element of confidence is an essential ingredient in financial matters, and that is particularly so where the value of money is concerned. What must we do to continue to maintain confidence in the values of our money both at home and abroad?

Maintaining Dollar-Confidence

Let me take up the international aspect of it briefly and then turn to the domestic side. Whether we happen to like it or not, this nation finds itself a leader of the free world — economically, financially, militarily. The American dollar has become the most widely used currency in settling international payments, and dollar reserves supplement gold in support of most of the currencies of the free world.

In short, we have become a world banker, performing the essential function of the banker by borrowing short and lending long. Our long-term claims arise out of our extensive private and government loans and investments throughout the world. The short-term claims on us in the form of dollar balances and short-term investments in this market arise in considerable part out of our adverse balance of payments in recent years. These short-term claims against us tend to be concentrated in the industrial nations of Western Europe, nations that, with the initial help of the Marshall Plan, have now, by their own efforts, rapidly regained a position of economic and financial strength. This we welcome, as it buttresses the free world. However, the other side of the coin is that it does create more active competition for us in our foreign trade.

As a nation, we have to face up to these problems in our balance of payments position. I shall not enlarge on that statement as this subject was covered by Secretary Anderson in his notable address at the Annual Meeting of the International Monetary Fund in Washington.

The point I would make is this: that, while our position is one of great basic strength, it is apparent that we must conduct our nation's financial affairs in a manner that will help maintain confidence, not only of our own citizens but of the

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*Column not available this week.

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OBSERVATIONS...

BY A. WILFRED MAY

INVENTORY-ING OUR AID
Past, Present, and Future

The public's growing interest in gold outflow, export surpluses, and even balance of payments items, perhaps should not be too surprising. But quite remarkable is the current spilling-over of lay discussion to that super-esoteric process of "tying" our foreign aid loans. The policy decision by our Development Loan Fund thus to limit the recipients' use of their borrowings to procurement in the United States with the Treasury-State Department-Fulbright internecine controversy thereover, are being carried by even the nonfinancial dailies as front page news, in the columns, and as the subject of lead editorials.

A. Wilfred May

Not that the results in public education are altogether satisfactory! For this highly controversial question should be evaluated in the large framework of our overall foreign aid operations—past, present, and future—as well as our balance of payments situation.

Our Total "Tab"

Our postwar overall Foreign Aid to date totals approximately $57 billion in net grants and $12 billion in net credits. Following is a breakdown of this $69 billion grand total, lumping grants and credits comprising each item.

(In billions of dollars)

Mutual Security Programs	**$48.0**
Civilian Supplies	5.9
UNRRA	3.4
Lend Lease	1.0
Surplus Agric. Commodities	0.9
Inter-American Programs	0.2
Special Country Programs	2.8
Export-Import Bank	3.4
British Loan	3.4
Agric. Trade Dev. & Assoc.	0.7
Surplus Properties	0.8
Miscellaneous	0.4

Also to be included in the U. S. "tab" are its subscriptions to the World Bank and Fund, of some $4.7 billion.

Currently, our Foreign Aid bill is running at an annual rate of $4.4 billion, made up of $3.8 billion in net grants and $600 million in credits. This, together with the recent declines in our export surpluses, and our increased investments abroad, is creating our balance of payments deficiteering, estimated at $4 billion for 1959—with the building up of foreigners' short-term dollar claims against us. Perhaps our long-time status of creditor-nation is even being threatened.

"Soft-Sell" Headquarters

The Development Loan Fund's actually disbursed credits amounting to some $100 million since its establishment in 1957, are included in the Mutual Security Program category. D.L.F. has received from the Congress appropriations totaling $1.4 billion in capital funds, has $785 million of undisbursed loans, with $515 million in uncommitted funds, and applications totaling $1.4 billion. Its lending is done at low interest rates, without amortization, and repayable in soft currencies (with many of the borrowers keeping cash reserves abroad, where they contribute nothing to their desired national development).

"In the works," additionally, is the International Development Association, whose establishment was finally approved at the recent annual meeting of the World Bank. This new agency will operate multilaterally, with the participating nations the present members of the World Bank. I.D.A. will thus provide the sorely needed medium for bringing in other industrialized nations, now enjoying economic revival, to share the aid burden with us. Otherwise, in its soft-lending policies, it will be substantially duplicating our Treasury's D.L.F. function.

Our unrestricted participation in *both* of these agencies, solo in D.L.F. in the billions and jointly in I.D.A. with a start in the $350 million range, would further aggravate, unfairly, our pressing balance of payments problem.

Justified Offset

Surely we are at least entitled to prevent the increase in our financing of European and Japanese exports that would result from our extension of dollars through both agencies without curbs on our debtors' manner of their use. And since it is intended, partially owing to various operational difficulties, to refrain from attaching "tie-in" restrictions to our share in I.D.A.'s coming multilateral operations, the "tying" must be done in our Treasury's bilateral D.L.F. (as has long been the rule by the Export-Import Bank).

Ideally we should have a general overhauling of our Aid operations; perhaps even wiping the slate clean of vested and conflicting interests. Meanwhile, our prospective "tying" is a partial, but indispensable, offset to the disastrous effects of the multiple expansion of our aid.

CELEBRATING A THIRTIETH ANNIVERSARY

Sweet Note

"The present week has witnessed the greatest stock market catastrophe of all ages, and it has left behind a trail of sorrow, misery and distress. . . . The bulk of the participants in the stock market craze which has now resulted so disastrously — and that means all parts of the population, and all races and all nations, to the farthest corners of the earth—have been simply left stranded, without even a remote chance of retrieving what they put so boldly at stake. To them the future is indeed desolate."—*From "The Commercial and Financial Chronicle," November 2, 1929.*

P. S.—Dow-Jones Industrial Stock Average—

September, 1929	386
June, 1932	041
Anniversary Gift:	
October 29, 1959	642

Sour Note

"A major cause of the continuance of our depression is that the security boom with its subsequent price collapse has resulted in an extreme and unwarranted **feeling of poverty** among our entire population which has caused hoarding and unnecessary under-consumption."—*J. Rovensky, Vice-President of the Bank of America, before the American Statistical Association, November 24, 1931.*

P.S. There are now some two million Mutual Fund shareholders, watching the daily box score of their investment's fluctuating value.—*October, 1959.*

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Eastern Pa. Group Of IBA Elects

PHILADELPHIA, Pa.—George W. Elkins, Jr. of Elkins, Morris, Stokes & Co., was elected Chairman of the Eastern Pennsylvania Group of the Investment Bankers Association at the annual meeting of the Group held on Thursday, Oct. 22. Mr. Elkins succeeds William Z. Suplee of Suplee, Yeatman, Mosley Co., Incorporated, whose term expired.

Geo. W. Elkins, Jr.

Stanley A. Russell, Jr. of Blyth & Co., Inc. was elected Vice Chairman and Arthur Horton of Penington, Colket & Co., Secretary-Treasurer of the Group.

The following were elected to the Executive Committee to serve for three years: Cornelius A. Dorsey of White, Weld & Co.; William Z. Suplee of Suplee, Yeatman, Mosley Co., Incorporated and James D. Winsor, III, of Yarnall, Biddle & Co. Frank L. Newburger, Jr. of Newburger & Co. was elected to the Committee to serve for two years and Robert E. Daffron, Jr. of Harrison & Co. was elected to serve one year. Henry S. Drinker of Drinker, Biddle & Reath, was re-elected counsel.

The State of TRADE and INDUSTRY

Steel Production
Electric Output
Carloadings
Retail Trade
Food Price Index
Auto Production
Business Failures
Commodity Price Index

The United States Circuit Court, in a two to one decision on Tuesday, Oct. 27, upheld the Taft-Hartley injunction ordering the 500,000 steel workers back to work in the mills for 80 days. The three judges of the Third Circuit Court of Appeals sitting in Philadelphia added a provision permitting the strike to continue for six more days, giving the steel workers Union an interim opportunity to appeal its case to the U. S. Supreme Court where the constitutionality of the injunction and other legal questions will be settled. In writing his dissenting opinion Judge Hastie took exception to the argument that the health and safety of the country demanded the injunction which was invoked by President Eisenhower on Oct. 19. The strike started July 15 and has been in force 107 days up to yesterday, Oct. 28.

Every effort will be made by the government attorneys to have the Supreme Court pass on the whole matter before the six-day interim expires.

Of the struck steel companies, the Kaiser Steel Co. and the Detroit Steel Co. are the only companies which have signed an agreement with the steel union.

Nationwide Bank Clearings 14.5% Above 1958 Week

Bank clearings this week will show an increase compared with a year ago. Preliminary figures compiled by the "Chronicle" based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, Oct. 24, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 14.5% above those of the corresponding week last year. Our preliminary totals stand at $26,965,669,132 against $23,556,012,061 for the same week in 1958. Our comparative summary for some of the principal cities is as follows:

Week Ended Oct. 24—	1959	1958	%
New York	$13,938,775,603	$11,232,066,174	+24.1
Chicago	1,293,284,003	1,201,147,696	+ 7.7
Philadelphia	1,174,000,000	1,148,000,000	+ 2.3
Boston	887,408,195	830,706,717	+ 6.8

For a detailed summary of bank clearings in U. S., refer to the Statistical Edition of the "Chronicle," issued Mondays. For this week's summary for the leading banking centers, refer to page 45 of the Oct. 26 issue.

Steel Strike to Curb Consumer Durables

Shortages of some consumer durables are in sight this fall and winter, "The Iron Age" predicts.

Because of the prolonged steel strike, many manufacturers of these products have already had to cut back or shut down. Regardless of the actual date of the strike's end, further cutbacks for a period of weeks are inevitable, the national metalworking weekly states.

These shortages are not likely to reach the critical stage. But the consumer's range of choice on most cars, refrigerators, washers and dryers will be limited, the magazine says.

The most optimistic timetable for returning to production shows that major steel users who are now without steel will have to wait weeks before they can get their own production lines going.

The magazine cites as an example a major automotive stamping plant. The plant shut down in mid-October. Even with its favored position with the steel mills, it hopes to be back in production at best three weeks after the strike ends. Realistically, the lag will be closer to four or five weeks.

Already, with most General Motors cars out of production, dealers have only a token supply of new models. Other automakers are in better shape. But they are still likely to suffer before steel moves again in balanced supply.

Many appliance dealers are out of 1959 models, and 1960's are slow coming in. This situation will grow progressively worse until new supplies of steel are coming in from the mills.

To get back into production, major steel consumers are making elaborate conversion deals to line up ingot and slabs. These will be channeled to steel mills that are able to get their rolling mills working, but do not have the semi-finished steel in pipelines.

The magazine states that mills have set up ambitious recovery schedules. Some indicate they hope to make normal shipments of most products by the third week after the strike.

But users are cautioned that, with allowances for industry optimism and time required to recover from extensive openhearth and blast furnace damage, consumers can't hope for balanced shipment sooner than five weeks.

Steel Orders to Be Filled on Non-Discriminatory Basis

When the steel mills reopen, leading steelmakers will fill backlog orders on a first come, first serve basis, "Steel," the metalworking weekly, said. Smaller companies indicate they will be more flexible.

Both big and little companies emphasize they won't let the big customer trample on the rights of the smaller buyers. Case in point: One small steel firm has turned down a conversion deal offered by its largest customer because that would tie up its mill too long for other users.

The big companies say they definitely will not serve hardship cases out of line because it is too tough to evaluate the degree of distress.

Smaller steelmakers say entry date will be important but it will not be the controlling factor in all cases. "We will ship first to customers who need the metal badly and who were loyal to us when we needed them," one company says.

Steel mills will take about four weeks from the time of work resumption to reach 90% of capacity—six weeks to reach that rate of shipments.

Military needs will undoubtedly derail some shipments that

Continued on page 30

LPG—Before, Via, and Beyond the Pipelines

By Dr. Ira U. Cobleigh, *Enterprise Economist*

Setting forth a brief outline of the liquefied petroleum gas industry, documenting its growth, and commenting on some of the highly successful companies in the business.

LPG or bottled gas, as it is known to most retail consumers, is made up primarily of propane or butane, or mixtures of these. It may be produced from three sources: natural gas, casinghead gas, or as a by-product of crude oil refining. It is a chameleon-like commodity. It is transported under pressure in a liquid form, and miraculously returns to a gaseous state when pressure is reduced to atmospheric, and then burns like any other gas on a kitchen range or heating unit.

Ira U. Cobleigh

West Texas is the major LPG and natural gasoline producing region, accounting for about 55% of United States production. From these Texas fields LPG and its kindred, natural gasoline, are transported in truck trailers, railway tank cars, pressurized tankers or barges, and increasingly by pipeline (the most economical way). In fact the most important factors in the extraordinary growth in LPG have been the steady extension of pipelines, and the development of underground storage facilities. Rather than build above-ground steel storage tanks at $24 for each barrel of capacity, it has been found far more practical to store in salt formation cavities, or granite caverns, in the earth at $3 a barrel. In 1950 there were no storage facilities; today, capacity is about 1.6 billion gallons. In northern marketing areas this storage is vitally important to assure steady gas supply in winter when demand is at a peak.

The major uses of LPG are for domestic and commercial heating and cooking. These demands account for about 46% of total LPG volume; and are increasing at the rate of over 10% annually.

Many interesting small businesses have been built up by local distributors of LPG. These enterprises usually start out with small capital, a truck or two, and a flair for salesmanship. They get their LPG supplies at bulk terminals or depots, and deliver the containers or bottles to customers outside the reach of existing city natural (or manufactured) gas pipelines—to farms, summer resorts, or outlying suburbs. Smart and successful distributors usually develop a "captive" market by owning the bulk tanks, pressure bottles and meters which a householder must have, or by selling the customer these items, and a stove or heater, often on an attractive, low cost instalment plan. Distributors actually operate a small utility company, without, however, coming under regulation by a public service commission, or other governmental agency. They are thus enabled to make a higher return on invested capital.

A pronounced trend in the industry is the merger and consolidation of many of these smaller distributors into substantial companies which provide larger capital resources, improved service, more stabilized retail prices, broader customer credit accommodations, and substantial operating economies resulting from greater efficiency and advantageous volume buying. Some of the companies we shall shortly comment on provide LPG service in several states and have grown phenomenally.

The other growing uses for LPG should not be overlooked. Chemical manufacturing now takes almost ¼ of total output, and converts the stuff into ethyl alcohol (for anti-freeze), polyethylene and resins (for plastics), and glycols. Research is constantly broadening these petrochemical applications.

LPG is also moving ahead as an efficient fuel for tractors, trucks, buses and taxis. For these vehicles, the particular attractions are the clean, fumeless combustion, savings in maintenance and repair, and a saving of several cents a gallon. Many marketers and domestic distributors sell the conversion units that enable motor vehicles to switch from gasoline to LPG. Motor fuel sales have zoomed from 130 million gallons in 1950 to an estimated 900 million gallons this year.

Other LPG uses include secondary recovery of crude oil from wells; the manufacture of components for synthetic rubber products, and gas manufacturing.

Now let's move from the general to the specific. The first company we want to talk about is **National Propane Corporation**, formed just four years ago and now serving over 300,000 customers. There are two major retailing divisions: Conservative Gas serving 54,000 customers in Greater New York and on Long Island; and Lehigh Bottled Gas retailing to 34,000 customers in Connecticut, Rhode Island, Massachusetts and New York. Doing both a retail and wholesale business are Great Plains with 220,000 retail customers in eight Midwestern States; and Arrow Gas Corp. a property grossing $5 million annually and only acquired last December. Arrow distributes in New Mexico, Utah, Arizona and Colorado.

National Propane produces little LPG. It buys extensively from Esso and Shell; and from a few smaller producers in West Texas. For the future, it would be logical for National to acquire extraction plants of its own; and the company is in line to benefit from a proposed LPG pipeline running from West Texas to Minnesota.

National Propane should earn about $1.45 on its common this year, up from $1.02 in 1958. The common sells over-the-counter at 12¾ and pays a 5% dividend in stock. The company is rapidly growing and ably managed.

Petrolane Gas Service was an early bird in the business of LPG distribution, and now delivers in 10 Western States and Alaska. The Alaskan potential has a lot of romance as it will be quite a while before natural gas pipelines move in there. If the Esquimos and sourdoughs start cooking on gas it will be LPG! Total revenues of Petrolane rose 13% last year; and per share net increased from $1.47 in 1947 to $1.72 for 1958. The figure should be around $2 this year. Paying a $1 dividend Petrolane common sells at 31. It merits attention as a potential capital gainer of considerable promise.

Suburban Gas, incorporated in 1948, has displayed an animate growth pattern. Net per share has risen from 23c in 1949 to $1.61 for 1958. Suburban ranks tenth nationally among LPG companies. Indicated dividend is $1.12 and the common sells at 32 over-the-counter. It is in line for dividend increases in the next 24 months.

We've talked quite a bit about distributing companies. It's time we mentioned a fully integrated one — Texas Natural Gasoline. Here again we perceive a lively growth rate with net per share rising from 19c in 1950 to $2.45 for 1958. Texas Natural Gasoline is the largest independent producer and wholesale merchandiser of natural gasoline and LPG. Production stems from nine natural gasoline plants with combined daily capacity of 875,000 gallons, and from a half interest in a new plant at St. Bernard Parish, La. with a potential daily capacity of 380,000 gallons.

Texas Natural is well equipped for transportation through its ownership of a fleet of 750 tank cars, many trailer trucks, and it has 130 million gallons in underground storage facilities. This storage permits holding of inventory off the market in periods of depressed prices.

Texas Natural Gasoline capitalization consists of $11 million in long term debt and 1,835,000 shares of common now selling at 45. Policy has been to pay dividends in stock, present rate being 4%. Per share earnings have been on a plateau for three years but expansion of net should resume shortly on the basis of enlarged plant capacity, and the end of extraordinary writeoffs.

You probably should also look at **Tropical Gas Co.**, a Panamanian company distributing LPG in Puerto Rico, Dominican Republic, Bermuda, Panama, Costa Rica, Guatemala, El Salvador and Haiti, Cuba and Florida. Tropical owns no LPG plants but is an aggressive distributor of LPG for household, farm, industry and motor vehicles, and a large scale merchant of the related appliances. The only clouds on the horizon here are the political uncertainties in some of the Latin countries served.

Growth has been splendid and for the first half of 1959 volume sold advanced 68% and revenues, 34%, over the similar period in 1958. Stock sells at 15½ and pays a 2% dividend in stock. Territory served affords exciting potentials for sales expansion.

Here are some interesting companies to choose from in LPG, the fastest growing segment of the petroleum business today. Volume gained 9.4% in 1958, a depressed year. There is a history and a trend pointing to long-term appreciation in these lively equities of companies providing, in effect, portable pipelines for LP gas, and steadily expanding the use and markets for same.

Walston Adds to Staff

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Clifford L. Bevier has been added to the staff of Walston & Co., Inc., 550 South Spring Street. He was formerly with Vanderbilt Investment Company.

Scott, Bancroft Adds

SAN FRANCISCO Calif.—Myron L. Kern and Maraldine McCubbin have been added to the staff of Scott, Bancroft & Co., 235 Montgomery Street.

Join Edling-Williams

MINNEAPOLIS, Minn.—Earle A. Berge, Gladys L. Krey and Hugh F. Morrissy have joined the staff of Edling-Williams & Associates, Inc., 614 Grant Street.

With Andersen, Randolph

PORTLAND, Oreg.—Jeremiah P. Barry, George J. Gutfleisch and Richard H. MacNaughton have joined the staff of Andersen, Randolph & Co., Inc., 1026 Northeast Multnomah.

Some Current Issues In Savings Banking

By G. Russell Clark,* *New York State Superintendent of Banks*

In reviewing current New York State banking issues, Mr. Clark, one, voices the hope that the savings and commercial banks will progress into new fields of service, employing new concepts and working to better one's course, instead of continuing interfactional strife or trying to destroy each other's competition. Two, he reveals latest findings absolving savings banks from complaints about their mortgage financing practices in the state of New York but adds, however, suggestions to remove one source of criticism. Three, the Superintendent lays down specific, strict guidelines governing savings bank mergers; and contrasts earnings, expenses and capital positions of large and small savings banks. Lastly, the banks' policeman explores such proposals to meet competition as issuance of five year savings certificates and creation of a savings banks' bank.

Our desire in holding meetings by the Joint Legislative Committee and the Banking Department, was to find some common ground within the financial community on the basis of which proposals might be drafted for presentation to the forthcoming session of the state legislature. We, of course, were fully aware of the positions which the various types of institutions had previously taken. We knew what the fundamental attitudes were on these controversial subjects, and we recognize that there were sharp differences of opinion. Nevertheless, we had hoped that, in the spirit of compromise, some forward steps might be taken to reconcile these divergent views.

G. Russell Clark

While some small measure of progress in this direction resulted, I must frankly express my disappointment that our expectations were not fully realized. Whether this was because the differences were those of fundamental principle and therefore uncompromisable, or whether it was because of self-interest overpowering any desire for reasonable and honorable compromise, I do not know.

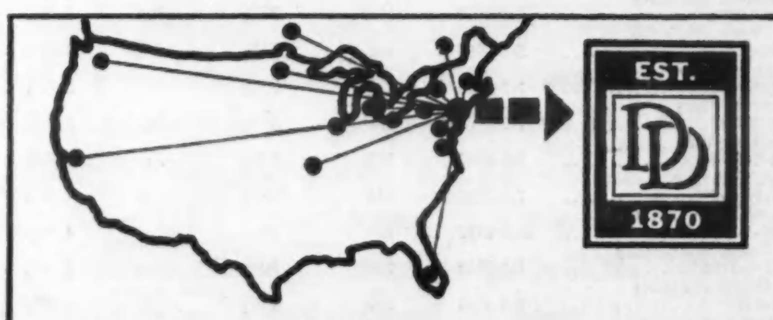
Where do we go from here? I think we are all agreed that the process of assuring that the laws on our statute books remain up-to-date and adequately reflect economic realities is a never-ending task. Under our representative form of government, the legislature has a responsibility to consider and act upon proposals which are intended to achieve these objectives. In the view of a majority of observers, some changes in our Banking Law appear to be desirable — although there are some differences of opinion on this.

Hopes Disputants Will Grow-Up

The Joint Legislative Committee has been very much aware of its responsibilities in this area. The hard work and the time spent by Senator Cooke and the other members of this Committee in the seven meetings held in all parts of the state attest to their conscientious endeavors. The Committee is presently hard at work attempting to draft some recommendations for submittal to the legislature. While I am not in a position to say what will finally emerge, I think we are all well aware of the difficulties facing the Committee in seeking to reconcile the widely divergent views of the various types of institutions in this state. I should like to prophesy, however, that sooner or later the inexorable wheels of time and economic reality will lead the people and the financial institutions of this state to the realization that true progress can only be achieved by entering new fields of service, employing new concepts and working to better one's own cause rather than by engaging in interfactional strife or by trying to destroy one's competitor's by any available means, an economic philosophy which apparently does not include within its orbit the irreparable damage done to the prestige of the banking system of the State of New York in the minds of the public.

I would like, however, to turn back to various meetings held around the state. Time after time after time, the Committee and I heard criticisms leveled against savings banks' mortgage lending polices. Again and again we have heard the statement that the mutual savings banks have been

Continued on page 18



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TAX-EXEMPT BOND MARKET

BY DONALD D. MACKEY

The market for tax exempt bonds has generally improved over a week ago. The **Commercial & Financial Chronicle's** High Grade State and Municipal Bond Index declined from 3.47% (10/21/59) to 3.44%. The improvement occurred during the latter part of last week. On Friday, usually a quiet day, activity, sales, and firming of prices were sustained at a remarkable tempo.

All Markets Affected

Early this week, developments in the steel strike situation indicating possible settlement adversely affected the bond market generally. Government issues, particularly, were sensitive and for a brief period satisfactory bids were difficult to locate. The corporate bond market was also set back, in some instances severely.

In this confusing market action, State and Municipal bond prices eased, as represented by the Dollar-quoted term issues. Quotations were down from one quarter to one point in many instances. However, the secondary market in yield quoted bonds merely quieted and became inactive on Monday. The new issue market as reflected through Tuesday's sales represented little change from the level reached late last week, as will be subsequently indicated in some detail.

Formidable market obstacles are receiving considerable emphasis this week, including the steel picture generally, the Treasury's eight billion of new and refunding issues, the terms of which are scheduled to be announced today (Oct. 29) and the high level of bond prices compared with those prevailing a few weeks back. These market factors were of seemingly less importance last week, apparently because opportunism has developed as a useful tactic both by dealers and investors in the ever changing complexities of investment. Most of this stems from the general tax structure and the interchangeable part that differing types of securities can play in it.

The subject of tight money also has in some degree been overlooked during the past weeks. It is again brought to focus by reports at the ABA Convention in Florida. The evidence that bankers are aggressively supplying short-term loans to small business is set forth as many large banks are programming this important and profitable banking adjunct. This seems altogether desirable, but from a bond man's viewpoint it aggravates the tight money problem.

Tax-Exempts Still Attract Investors

Despite the obstacles confronting the bond market, State and Municipal issues continue to attract investors because of their generous yields. The technical position of the market is still very favorable. The Street Float as measured by the Blue List is well below $200 million of State, Municipal and Authority type offerings. The market balance, relative to new issues and investor interest and demand, has been about constant for a month or more. Heavy new issue volume does not seem imminent. These favorable tax exempt bond factors seem likely to prevail in the near future. However, they may be partly nullified by factors more immediately affecting the Government and Corporate bond markets.

New Issues Going Well

This week's important new bond issues have received good investor attention. The $23,300,000 **Consumers Public Power (Eastern) District, Nebraska,** serial issue (1963-1992) was sold to the Halsey, Stuart, Blyth & Company, Eastman Dillon, Union Securities, Lehman Brothers Group at an interest cost of 4.445%. The issue has gone well, with more than half the bonds sold on initial offering. The bonds are scaled to yield out to 4.50%.

The $21,150,000 **Los Angeles County, California, Flood Control District** issue (1961-1983) was bought by a group including Bank of America, Chase Manhattan Bank, First National City Bank, Bankers Trust Company, Harris Trust & Savings Bank, at an interest cost of 3.704%. Prices yield from 2.90% to 3.75%. The issue is said to be more than two-thirds sold.

The **Pennsylvania General State Authority** sold $25,000,000 serial bonds (1962-1986) yesterday. The award went to the Halsey, Stuart, C. J. Devine & Company, Goldman, Sachs & Company, Glore Forgan & Company, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Stone & Webster Securities and R. W. Pressprich & Company account. The interest cost was 3.755%. The Drexel & Company group bid a 3.770% interest cost. This general market issue may attract investor interest at this favorable market level.

The $20,000,000 **Baltimore County, Maryland** serial bonds (1961-1999) were awarded to the Chase Manhattan Bank, Bankers Trust Company, Morgan Guaranty Trust Company, Harris Trust Company, Smith, Barney & Company, Alex Brown & Company group. The interest cost was 3.77% and the bonds were scaled to yield 4.10%.

New Issue Calendar Light

The New Issue schedule for the week ahead includes no large or important financing. The 30-day calendar, at present, includes only one large general market offering: $55,125,000 **State of New York** serial bonds up for sale on November 18. This continued light schedule is unusual for this time of year.

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California (State)	3½%	1978-1980	3.75%	3.60%
Connecticut (State)	3¾%	1980-1982	3.45%	3.30%
New Jersey Highway Auth., Gtd.	3%	1978-1980	3.50%	3.35%
New York (State)	3%	1978-1979	3.45%	3.30%
Pennsylvania (State)	3⅜%	1974-1975	3.30%	3.15%
Vermont (State)	3⅛%	1978-1979	3.25%	3.12%
New Housing Auth. (N. Y., N. Y.)	3½%	1977-1980	3.40%	3.25%
Los Angeles, Calif.	3¾%	1978-1980	3.85%	3.70%
Baltimore, Md.	3¼%	1980	3.65%	3.50%
Cincinnati, Ohio	3½%	1980	3.50%	3.35%
New Orleans, La.	3¼%	1979	3.90%	3.75%
Chicago, Ill.	3¼%	1977	3.85%	3.70%
Boston, Mass.	3¾%	1977	3.85%	3.70%

October 28, 1959 — Index = 3.44%

DOLLAR BOND QUOTES AND RELATED INFORMATION
(Prices and yields are approximate)

Issue—	First Callable Date (as a whole)	Call Price	Offering Price	Net Changes from Prev. Week	Yield to Maturity
Chelan Co., Wash. PUD No. 1 5% 7-1-2013	1-1-1978	100	109	+1½	4.55%
Chicago-O'Hare Airport 4¾% 1-1-1999	1-1-1974	104¾	105¾	+1	4.43%
Chicago Reg. Port 4% 7-1-1995	7-1-1962	103½	95½	+1½	4.24%
Florida Turnpike Authority 3¼% 4-1-1995	4-1-1962	103½	87¼	+¼	3.91%
Grant Co., Wash. PUD No. 2 3⅞% 11-1-2005	5-1-1966	103	95½	+1½	4.08%
Illinois Toll Highway 3¾% 1-1-1995	1-1-1965	103¾	73½	+1	5.44%
Illinois Toll Highway 4¾% 1-1-1998	1-1-1978	104¾	89¾	+1	5.38%
Indiana Toll Highway 3½% 1-1-1994	1-1-1962	103	83¾	+¾	4.42%
Jacksonville, Fla. Exp. 4¼% 7-1-1992	7-1-1967	103	102½	+½	4.12%
Kansas Turnpike Authority 3⅜% 10-1-1994	10-1-1962	103	76	+½	4.79%
Kentucky Turnpike Authority 3.40% 7-1-1994	7-1-1960	104	90	(*)	3.93%
Mackinac Bridge Authority 4% 1-1-1994	1-1-1964	108	91½	—1	4.48%
Maine Turnpike Authority 4% 1-1-1989	1-1-1958	104	83½	+¼	5.08%
Massachusetts Turnpike Authority 3.30% 5-1-1994	5-1-1962	103½	82	+1	4.30%
Massachusetts Port Authority 4⅜% 10-1-1998	10-1-1969	104	104	+2¼	4.51%
New Jersey Turnpike Authority 3⅜% 7-1-1988	7-1-1958	103½	94¼	+¾	3.70%
New York Power Authority 3.20% 1-1-1995	1-1-1963	103	86¼	+¼	3.93%
New York Power Authority 4.20% 1-1-2006	1-1-1970	103	101½	+½	4.12%
New York Thruway Authority 3.10% 7-1-1994	7-1-1960	103½	87	+1	3.77%
Ohio Turnpike Authority 3¼% 6-1-1992	6-1-1959	103	87	(*)	3.95%
Pennsylvania Turnpike Authority 3.10% 6-1-1993	6-1-1959	103	83	+½	4.01%
Richmond-Petersburg Turnpike 3.45% 7-1-1995	7-1-1963	103½	83	(*)	4.40%
Tri-Dam Project, Calif. 3.05% 7-1-2004	7-1-1959	104	83	(*)	3.85%
Virginia Toll Revenue 3% 9-1-1994	9-1-1959	105	85	(*)	3.77%

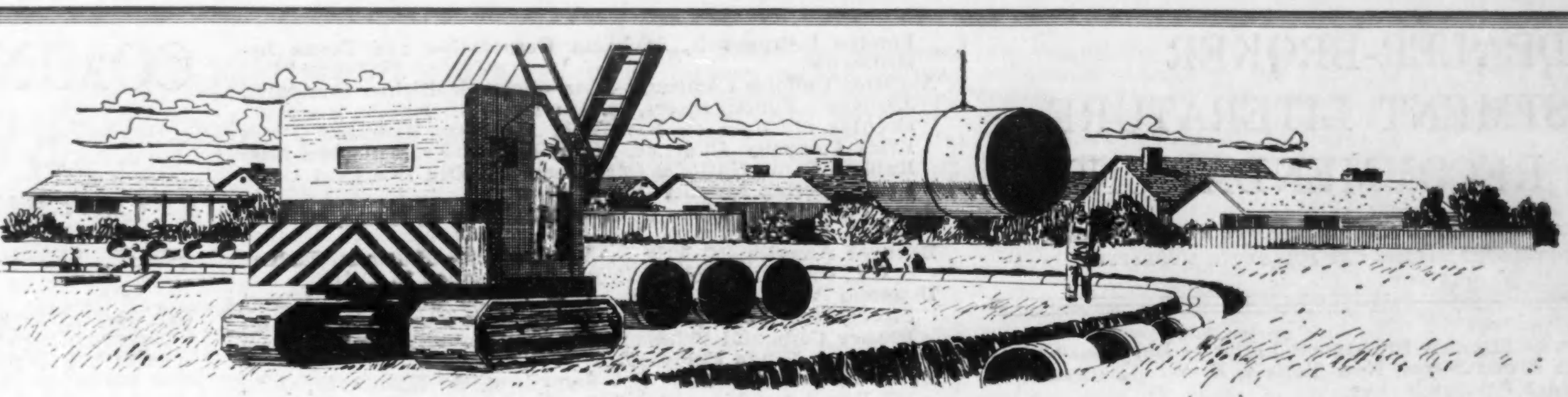
(*) Unchanged.

Larger Issues Scheduled For Sale

In the following tabulations we list the bond issues of $1,000,000 or more for which specific sale dates have been set.

Information, where available, includes name of borrower, amount of issue, maturity scale, and hour at which bids will be opened.

October 29 (Thursday)			
Brookhaven, Smithtown and Islip Central S. D. No. 5, N. Y.	1,233,000	1960-1988	2:00 p.m.
Camden, N. J.	1,300,000	1960-1982	8:00 p.m.
Camden School District, N. J.	3,300,000	1960-1982	8:00 p.m.
Florida Development Commission (Polk County), Fla.	9,500,000	1961-1989	11:00 a.m.
Hempstead Union Free School District No. 10	3,820,000	1960-1985	11:30 a.m.
Utica Common School Dist., Mich.	2,886,000	1962-1988	8:00 p.m.
November 2 (Monday)			
Corpus Christi, Texas	2,100,000	1960-1979	2:00 p.m.
Kenosha, Wis.	1,165,000	1960-1979	Noon
November 3 (Tuesday)			
Cerritos Junior College Dist., Cal.	1,000,000	1960-1979	9:00 a.m.
Garland, Texas (gen. & revenue)	3,150,000	1960-1987	7:30 p.m.
Oak Park (City) Royal Oak and Southfield (Twps.) S. D., Mich.	1,900,000	1960-1988	8:00 p.m.
Port of Seattle, Wash.	7,500,000	1961-1979	10:00 a.m.
San Antonio River Authority, Tex.	1,250,000	--------	3:30 p.m.
Shelby, N. C.	1,365,000	1961-1985	11:00 a.m.
November 4 (Wednesday)			
Atlanta, Ga.	8,335,000	1960-1986	Noon
Crawfordsville School Bldg., Corp., Indiana	1,995,000	1962-1990	1:00 p.m.
Humboldt Bay Municipal Water District, Calif.	10,700,000	1964-1998	10:00 a.m.
Manitowoc County, Wis.	1,500,000	1960-1974	10:00 a.m.
Port Arthur, Texas	2,950,000	1963-1989	11:00 a.m.
Roseville, Minn.	1,200,000	1960-1980	8:00 p.m.
November 5 (Thursday)			
Hammond (Sanitary District), Ind.	4,100,000	1962-1986	2:00 p.m.
Jackson, Tenn.	1,950,000	1967-1979	10:00 a.m.
Oklahoma Co. Indep. S. D. No. 89, Oklahoma	4,000,000	1961-1970	10:00 a.m.
Roanoke, Va.	3,000,000	1960-1989	Noon
November 9 (Monday)			
Edina, Minn.	1,000,000	1960-1969	7:30 p.m.
Enfield, Conn.	2,000,000	--------	--------
St. Joseph School District, Mo.	2,800,000	1965-1980	4:00 p.m.
Santa Barbara High S. D., Calif.	1,000,000	1960-1984	10:00 a.m.
November 10 (Tuesday)			
Caddo Parish, Parish-Wide S. D., Louisiana	5,000,000	1960-1979	1:30 p.m.
Dover-Eyota Indep. S. D. No. 533, Minnesota	1,000,000	1961-1989	4:00 p.m.
Maine, Union, Nanticoke, Newark Valley and Owego Central Sch. District No. 1, N. Y.	3,720,000	1960-1988	10:30 a.m.
Mississippi (State of) (Greater Port of Pascagoula)	1,000,000	1964-1984	10:00 a.m.
Mississippi (State of)	14,000,000	1960-1975	10:00 a.m.
Orange County Sanitation Districts California	7,300,000	1961-1989	11:00 a.m.
November 12 (Thursday)			
Indianapolis Sanitary District, Ind.	2,760,000	1962-1991	10:00 a.m.
Orange County, Fla.	1,000,000	1964-1972	11:00 a.m.
November 16 (Monday)			
Sacramento County, Calif.	2,475,000	--------	--------
November 17 (Tuesday)			
Boston, Mass.	5,800,000	1960-1979	Noon
Pima County School District, Ariz.	1,329,000	1962-1979	11:00 a.m.
South Carolina (State of)	10,000,000	1960-1979	Noon
November 18 (Wednesday)			
Greater Baton Rouge Consolidated Sewer District, La.	7,000,000	1960-1989	6:00 p.m.
New York (State of)	56,000,000	--------	--------
Poughkeepsie, N. Y.	2,296,000	1960-1969	2:00 p.m.
Rochester Spec'l S. D. No. 4, Minn.	2,500,000	1961-1983	2:00 p.m.



New Issue

$21,150,000

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT

Los Angeles County, California

3¾% Bonds

Dated May 1, 1953 **Due May 1, 1961-83, incl.**

Payment and Registration

Principal and semi-annual interest (May 1 and November 1) payable, at the option of the holder, at the office of the Treasurer of Los Angeles County in Los Angeles, Calif., or at any fiscal agency of the County in New York, N. Y., or in Chicago, Ill. Coupon bonds in denomination of $1,000 registrable only as to both principal and interest.

Tax Exemption

In the opinion of counsel, interest payable by the District upon its bonds is exempt from all present Federal and State of California personal income taxes under existing statutes, regulations and court decisions.

Legality for Investment

We believe that these bonds are legal investments in California for savings banks, subject to the legal limitations upon the amount of a bank's investment, and are likewise legal investments in California for other funds which may be invested in bonds which are legal investments for savings banks, and are eligible as security for deposits of public moneys in California.

Purpose and Security

These bonds, issued under provision of the Los Angeles County Flood Control Act, as amended, for various flood control purposes, in the opinion of counsel constitute the legal and binding obligations of the Los Angeles County Flood Control District and are payable, both principal and interest, from ad valorem taxes which may be levied without limitation as to rate or amount upon all of the taxable real property in said District and which, under the laws now in force, may be levied without limitation as to rate or amount upon all taxable personal property, except certain classes thereof, in said District.

Tax Gain, Amortization of Premium

These bonds will be initially issued by the above named political subdivision at not less than their par value, and a taxable gain may accrue on bonds purchased at a discount. Investors are required under existing regulations to amortize any premium paid thereon.

Legal Opinion

The above bonds are offered when, as and if issued and received by the underwriters listed below, as well as other underwriters not shown, whose names will be furnished on request, and subject to approval of legality by Messrs. O'Melveny & Myers, Attorneys, Los Angeles, California.

AMOUNTS, MATURITIES AND YIELDS OR PRICES

(Accrued interest to be added)

Amount	Due	Yield or Price
$935,000	1961	2.90%
935,000	1962	3.00
935,000	1963	3.10
935,000	1964	3.15
935,000	1965	3.20
935,000	1966	3.25
935,000	1967	3.30
935,000	1968	3.35
935,000	1969	3.40
935,000	1970	3.45
935,000	1971	3.45
935,000	1972	3.50
935,000	1973	3.50
935,000	1974	3.55
935,000	1975	3.55
935,000	1976	3.60
935,000	1977	3.60
935,000	1978	3.65
935,000	1979	3.65
935,000	1980	3.70
935,000	1981	3.70
935,000	1982	100
580,000	1983	100

Bank of America N.T. & S.A.
The Chase Manhattan Bank
The First National City Bank of New York
Bankers Trust Company
Harris Trust and Savings Bank
Morgan Guaranty Trust Company of New York
Blyth & Co., Inc.
The First Boston Corporation
Smith, Barney & Co.
Security-First National Bank
American Trust Company San Francisco
California Bank Los Angeles
Continental Illinois National Bank and Trust Company of Chicago
Chemical Bank New York Trust Company
The Northern Trust Company
Lazard Frères & Co.
C. J. Devine & Co.
Drexel & Co.
Glore, Forgan & Co.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Dean Witter & Co.
R. H. Moulton & Company
First National Bank of Oregon
Seattle-First National Bank
R. W. Pressprich & Co.
The Philadelphia National Bank
Equitable Securities Corporation
Bear, Stearns & Co.
William R. Staats & Co.
Mercantile Trust Company
Reynolds & Co.
Hornblower & Weeks
J. Barth & Co.
Ladenburg, Thalmann & Co.
John Nuveen & Co. (Incorporated)
Bacon, Whipple & Co.
William Blair & Company
Francis I. duPont & Co.
First National Bank in Dallas
First Southwest Company
Fitzpatrick, Sullivan & Co.
Ira Haupt & Co.
E. F. Hutton & Company
Laidlaw & Co.
Lee Higginson Corporation
Mercantile National Bank at Dallas
National State Bank of Newark
Republic National Bank of Dallas
L. F. Rothschild & Co.
Schoellkopf, Hutton & Pomeroy, Inc.
Shearson, Hammill & Co.
Stone & Youngberg
Trust Company of Georgia
Wertheim & Co.
Andrews & Wells, Inc.
Clark, Dodge & Co.
Coffin & Burr Incorporated
R. S. Dickson & Company Incorporated
First of Michigan Corporation
Gregory & Sons
J. B. Hanauer & Co.
Hirsch & Co.
J. A. Hogle & Co.
Kenower, MacArthur & Co.
A. M. Kidder & Co., Inc.
Irving Lundborg & Co.
Lyons & Shafto Incorporated
W. H. Morton & Co. Incorporated
New York Hanseatic Corporation
Wm. E. Pollock & Co., Inc.
Roosevelt & Cross Incorporated
Stroud & Company Incorporated
G. H. Walker & Co.
Chas. E. Weigold & Co. Incorporated
Bacon, Stevenson & Co.
Robert W. Baird & Co. Incorporated
City National Bank & Trust Company Kansas City, Mo.
Commerce Trust Company Kansas City, Mo.
Dallas Union Securities Co., Inc.
A. G. Edwards & Sons
Ernst & Company
Field, Richards & Co.
The First National Bank of Memphis
The Fort Worth National Bank
Ginther & Company
Glickenhaus & Lembo
Hill Richards & Co. A Corporation
The Illinois Company Incorporated
Industrial National Bank of Providence
Kalman & Company, Inc.
Shuman, Agnew & Co.
Spencer Trask & Co.
Henry G. Wells & Co., Inc.
Barcus Kindred & Co.
Allan Blair & Company
Blunt Ellis & Simmons
Burns, Corbett & Pickard, Inc.
C. F. Childs and Company Incorporated
City National Bank and Trust Company of Chicago
Julien Collins & Company
Fahey, Clark & Co.
Horner, Barksdale & Co.
Kean, Taylor & Co.
McDonnell & Co. Incorporated
McMaster Hutchinson & Co.
Stern, Frank, Meyer & Fox
Stern, Lauer & Co.
Stubbs, Watkins & Lombardo, Inc.
Third National Bank Nashville, Tenn.
Tripp & Co., Inc.
Van Alstyne, Noel & Co.
R. D. White & Company
J. R. Williston & Beane
Robert Winthrop & Co.
Wood, Gundy & Co., Inc.
Arnold & Crane
Fred D. Blake & Co.
Breed & Harrison, Inc.
Dittmar & Company, Inc.
Fahnestock & Co.
Federation Bank and Trust Co.
First National Bank of Minneapolis
The First National Bank of Saint Paul
First Union National Bank of North Carolina
Frantz Hutchinson & Co.
Hooker & Fay
Johnston, Lemon & Co.
Lawson, Levy, Williams & Stern
Mitchum, Jones & Templeton
The National City Bank of Cleveland
Newhard, Cook & Co.
Northwestern National Bank of Minneapolis
J. A. Overton & Co.
Piper, Jaffray & Hopwood
The Provident Bank
Ryan, Sutherland & Co.
Seasongood & Mayer
Stein Bros. & Boyce
Thornton, Mohr and Farish
Tilney & Company
Wachovia Bank and Trust Company
Arthur L. Wright & Co., Inc.
Zahner and Company

October 28, 1959 *A circular relating to these bonds may be obtained from any of the above underwriters, as well as other underwriters not shown whose names will be furnished on request.*

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

IT IS UNDERSTOOD THAT THE FIRMS MENTIONED WILL BE PLEASED TO SEND INTERESTED PARTIES THE FOLLOWING LITERATURE:

Burnham View — Monthly Investment Letter — Burnham and Company, 15 Broad Street, New York 5, N. Y. Also available in current **Foreign Letter.**

Canada: Cross Currents in Trade—Review—Bank of Montreal, Montreal, Que., Canada.

Canadian Common Stocks—Figures on selected issues—Burns Bros. & Company Limited, 44 King Street, West, Toronto, Canada.

Common Stocks for Various Investment Objectives—Suggested issues—Hemphill, Noyes & Co., 15 Broad Street, New York 5, N. Y.

Electric Utility Stocks—Review—With a list of issues which appear interesting—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y.

Gold—Analysis—W. E. Hutton & Co., 14 Wall Street, New York 5, N. Y.

Japanese Stock Market—Study of changes in postwar years—In current issue of "Nomura's Investors Beacon"—Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y. Also available is a review of the outlook for Plant and Equipment Expenditures in Japan for 1959 and brief analyses of **Mitsubishi Heavy Industries, Nippon Flour Mills Co., Iwaki Cement Co. and a survey of the Steel Industry.**

Japanese Stocks—Current Information — Yamaichi Securities Company of New York, Inc., 111 Broadway, New York 7, New York.

Life Insurance Companies — Comparative analysis of 23 new companies—Ralph B. Leonard & Sons, Inc., 25 Broad Street, New York 4, N. Y. Also available is a report on **Citizens Life Insurance Company.**

New York City Bank Stocks—Comparative figures as of Sept. 30, 1959—The First Boston Corporation, 15 Broad Street, New York 5, N. Y.

Over-the-Counter Index—Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 20-year period—National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Profit Situations in Smaller Companies—Semi-monthly publication of comment and analysis of smaller companies—$2.50 for current issue; $15 for 3 months; $50 a year—Investment Associates, P. O. Box 14, Hillsdale, N. J.

Railroads—Analysis—Halle & Stieglitz, 52 Wall Street, New York 5, N. Y., with particular reference to **Kansas City Southern, New York, Chicago & St. Louis,** and **New York Central.**

Retail Trade — Report—Thomson & McKinnon, 2 Broadway, New York 4, N. Y.

Steel Stocks — Review—With particular reference to **Armco, Colorado Fuel & Iron, Detroit Steel, Jones & Laughlin, Sharon Steel,** and **Wheeling Steel**—du Pont, Homsey & Co. 31 Milk Street, Boston 9, Mass.

World Time Chart—Showing time difference in over 100 countries as compared with New York Eastern Standard Time, including map of Time Zones in the U. S. including Alaska and Hawaii — Manufacturers Trust Company, International Banking Department, 55 Broad Street, New York 15, N. Y.

• • •

American Metal Climax Inc.—Report—Schweickart & Co., 29 Broadway, New York 6, N. Y. Also available is a report on the **Tax Advantages of Straddles.**

American Photocopy — Data — Bache & Co., 36 Wall Street, New York 5, N. Y. Also in the same circular are data on **Electro Instruments, Sunbeam Corporation** and **Texas Instruments.**

Angelica Uniform Company—Data—Scherck, Richter Company, 320 North Fourth Street, St. Louis 2, Mo. Also in the same circular are data on **Day Brite Lighting, Hydraulic Press Brick Company, Interstate Motor Freight System, Long Mile Rubber Corp., National Oats Company, Old Ben Coal Corp.** and **Pickering Lumber Corporation.**

Atlas Powder Company—Data—Hornblower & Weeks, 40 Wall Street, New York 5, N. Y.

Bank of America, N. T. & S. A.—Analysis—Bateman, Eichler & Co., 453 South Spring Street, Los Angeles 13, Calif.

Diamond Alkali Co.—Report—A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y. In the same report are data on **Draper Corp.** and **Petrolane Gas Service.** Also available is a report on **Vendo Company.**

Dura Corporation—Analysis—Swarthout & Kemmerer, Inc., 165 Broadway, New York 6, N. Y.

George Weston Limited—Review—Ross, Knowles & Co., Ltd., 25 Adelaide Street West, Toronto, Canada.

Great Northern Paper Company—Data—Montgomery, Scott & Co., 120 Broadway, New York 5, N. Y.

Lake Ontario Portland Cement Company Ltd.—Analysis—R. G. Worth & Co., Inc., 160 Broadway, New York 38, N. Y.

Leesona Corporation — Report — Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

Lehn & Fink Products Corp.—Analysis—Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y. Also available is an analysis of **American Motors Corp.**

Magnavox Company—Report—Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine Street, New York 5, N. Y. Also available are memoranda on **Aetna Insurance Co., Allied Stores, May Department Stores, Missouri Portland Cement, Pepsi Cola, TXL Oil Corp.** and **Union Oil & Gas Corp. of Louisiana.**

Maytag—Review—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Metropolitan Bank of Miami—Memorandum—Kakouris & Co., Ainsley Building, Miami 32, Fla. Also available is a memorandum on **Texas International Sulphur Co.**

Public Service Electric & Gas — Data — Goodbody & Co., 2 Broadway, New York 4, N. Y. Also in the same circular are data on **Olin Mathieson, Greyhound** and **Universal Match.**

River Brand Rice Mills — Analysis—H. Hentz & Co., 72 Wall Street, New York 5, N. Y. Also available is a memorandum on **Wheeling Steel Corp.** and an analysis of **Saco Lowell Shops.**

Roddis Plywood Corp.—Memorandum—Blyth & Co., Inc., 135 South La Salle Street, Chicago 3, Ill.

Supercrete Ltd.—Analysis—Straus, Blosser & McDowell,, 39 South La Salle Street, Chicago 3, Ill.

U. S. Freight Co.—Memorandum—Hill, Darlington & Co., 40 Wall Street, New York 5, N. Y.

U. S. Steel Corp.—Memorandum—Dean Witter & Co., 45 Montgomery Street, San Francisco 6, Calif.

Warren Brothers Company — Report — Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is a report on **Allied Stores Corporation.**

Western Union Telegraph Company—Analysis—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Wisconsin Electric Power Co. — Memorandum—The Illinois Company, 231 South La Salle Street, Chicago 3, Ill.

L. J. Goldwater Changes

On Nov. 1 Enid K. Rubin will be admitted to limited partnership in L. J. Goldwater & Co., 25 Broad Street, New York City. On Oct. 31, Lee F. Goldwater will withdraw from limited partnership in the firm.

With Shearson Hammill

(Special to THE FINANCIAL CHRONICLE)

LA JOLLA, Calif. — Everett H. Clark is now with Shearson, Hammill & Co., 1125 Wall Street. He was formerly with Merrill Lynch, Pierce, Fenner & Smith Incorporated.

Eastman Dillon Adds

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif. — Robert J. Genett, Edwin H. Kelley, John S. Kleven, Ronald L. Stout are now connected with Eastman Dillon, Union Securities & Co., 415 Laurel Street.

Joins First California

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Wilford W. Nelson has been added to the staff of First California Company, 300 Montgomery Street, members of the Pacific Coast Stock Exchange.

For financial institutions only—

Recent New Stock Issues

Owens Yacht Co., Inc.	Long Mile Rubber
Lease Plan International	Heublein, Inc.
Cubic Corporation	Florida Palm-Aire
Hugh W. Long & Co., Inc.	Space Components
Executone Inc.	Waddell & Reed
Branson Instruments	Crowley's Milk Co.
Leeds Travelwear, Inc.	MCA Inc.
Tool Research & Eng.	Perfect Photo, Inc.
Paddington Corporation	National Key Co.

Oil Recovery Corp.

Bought • Sold

Prospectus on request

Troster, Singer & Co.

Members New York Security Dealers Association

74 Trinity Place, New York 6, N. Y.

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COMING EVENTS

IN INVESTMENT FIELD

Oct. 30-31, 1959 (St. Louis, Mo.)
National Association of Investment Clubs annual convention at the Sheraton Jefferson Hotel.

Nov. 1-5, 1959 (Boca Raton, Fla.)
National Security Traders Association Annual Convention of the Boca Raton Club.

Nov. 14, 1959 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia 7th Annual Dinner Dance at Germantown Cricket Club.

Nov. 18, 1959 (Minneapolis, Minn.)
Twin City Investment Women's Club dinner and meeting at the Can Can Room, Hotel Dyckman.

Nov. 29-Dec. 4, 1959 (Bal Harbour, Fla.)
Investment Bankers Association Annual Convention at the Americana Hotel.

April 6-7-8, 1960 (Dallas, Tex.)
Texas Group of Investment Bankers Association of America 25th annual meeting at the Sheraton Dallas.

April 8, 1960 (New York City)
New York Security Dealers Association 34th annual dinner in the Grand Ballroom of the Hotel Biltmore.

E. F. Hutton Adds

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — Gary D. Irish is now associated with E. F. Hutton & Company, 920 Baltimore Avenue.

Morrison Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

CHARLOTTE, N. C.—Wendell H. Edgerton, Jr. and Charles C. Pilgrim have become associated with Morrison & Co., Inc., Liberty Life Building.

Joins P. DeRensis

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Harry Michaels has joined the staff of P. De Rensis & Co., Inc., 126 State Street, members of the Boston Stock Exchange.

Merrill Lynch Adds

(Special to THE FINANCIAL CHRONICLE)

DAYTON, Ohio — William L. James has become connected with Merrill Lynch, Pierce, Fenner & Smith Incorporated, American Building.

E. I. Hagen Adds

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg. — Merritt L. Owen has been added to the staff of E. I. Hagen & Co., American Bank Building.

Joins E. F. Hinkle

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg. — Royal C. Frisbie has become affiliated with E. F. Hinkle & Co., Inc., Equitable Building.

With Walston & Co.

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg. — Frank E. Shafer has joined the staff of Walston & Co., Inc., 901 Southwest Washington Street.

Joins Capital Secs.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Andrew S. Messick, Jr. has become affiliated with Capital Securities Company, 209 South La Salle Street. He was formerly with Capital Securities Co. and Mitchell Hutchins & Co.

Spectacular Expansion of Dollar Deposits in London

By Paul Einzig

The generally unknown spectacular expansion of dollar deposits in London, most of which belongs to continental holders, is described and its significance interpreted by Dr. Einzig. Stumbling upon this reportable news by chance in preparing a revision of his book, "The Theory of Forward Exchange," the noted British economist explains the reasons for this development and why the practice can be expected to be continued even if the ban on sterling re-financing—the cause of its growth—is lifted.

LONDON, Eng.—The London financial market witnessed during the last two years or so a change of considerable importance which seems to have escaped almost completely the attention of financial commentators in this country and abroad. A very active market has developed in dollar deposits. London commercial banks, merchant banks, acceptance houses, and London branches of overseas banks have been receiving from abroad very considerable amounts of such deposits, ranging from call money to time deposits for six months or more. Most of these deposits are re-lent abroad in dollars, but often they are converted into sterling to cover domestic requirements of money. There is a similar market also in other currencies, especially in Swiss francs, Deutschmarks, and guilders, but not nearly on the same scale as in dollars.

Paul Einzig

Although this activity is on a considerable scale, there is never any reference to it in the financial press, and rates of interest allowed on dollar deposits or charged on dollar credits are never quoted. I happened to stumble on the practice accidentally in the course of inquiries I have been making in the City in connection with the revision of my prewar book *The Theory of Forward Exchange* for new edition. Most of these transactions do not give rise to foreign exchange operations, except when the dollars are converted into sterling by means of a swap transaction.

Deserves Attention

The practice is of course not new, but its spectacular expansion since 1957 has created an entirely new situation. It is as yet premature to say whether, and to what extent, the system that has developed has come to stay. But owing to its present importance, and owing to the possibility that to some extent at any rate it will remain permanent, it certainly deserves attention

The expansion of this dollar deposit market dates from the measures taken in 1957 in defense of sterling. A ban was then imposed on sterling credits for financing trade between foreign countries, also on sterling credits for refinancing goods after the usual period allowed for the completion of the shipments was completed. Although the former ban has since been repealed, the ban on refinancing credits is still in force at the time of writing. The imposition of these bands two years ago deprived international trade of much-needed facilities. Before long a way was found by which London was able to continue to perform the functions affected by the restriction without thereby increasing the pressure on sterling. The British authorities raised no objection to the re-lending abroad of foreign currency deposits received from abroad. During 1957-1958 rates paid in London for such deposits were relatively high and were able to attract deposits which thus became available for re-lending. In 1959 the relative levels of money rates have changed as a result of cheaper money in London and dearer money abroad, but the practice continued.

Most of the dollars deposited with London banks belong to continental holders anxious to earn higher interest on their dollar deposits than American banks are allowed to pay under Federal Reserve regulations. But that is not the only reason why it has become so popular to deposit dollars in London. A number of European Governments have no agreements on double taxation with the United States Government, and their nationals are anxious that the interest on their deposits should not be subject to American taxation. This can be avoided if the interest is earned in London instead of in New York.

Fear U. S. Freezing

Yet another reason, which operates especially as far as Swiss holdings of dollars are concerned, is the memory of the wartime freezing of deposits in the United States. There was no corresponding measure in Britain during the war. Even though the outbreak of another war is not considered likely, it is widely feared on the Continent that the "cold war" with China and with the Soviet Bloc in general might conceivably lead to freezing measures which could affect holders also on this side of the Iron Curtain. Even a relaxation of the international political atmosphere that is liable to result from a Summit Meeting would not remove these fears altogether for some time to come.

London is fulfilling its traditional role as international banker by acting as intermediary through whose hands most of this traffic in dollar deposits pass. Very often both parties concerned are nationals of the same country. A Frenchman having dollars is attracted by the higher deposit rates paid in London and deposits his holding with a London bank which promptly re-lends it to another Frenchman who is in need of short-term financing. What is indeed a drastic departure from London's tradition is that the financing is done not in sterling but in dollars.

Quite possibly the ban on refinancing facilities may be removed in the near future, now that sterling is technically and psychologically strong. But this would not necessarily mean that the volume of transactions in dollar deposits would shrink to its pre-1957 level. For generally speaking the cost to the borrowers of these dollar credit facilities is lower than that of sterling acceptance credits, allowing for the commission charged by the London banks and by the foreign banks that arranges them in London for their nationals. So even after the removal of the ban there will be competition between the two sets of facilities.

There is also some degree of competition between this market in dollar deposits and the London money market. Situations arise from time to time in which London banks find it cheaper to convert into sterling the proceeds of these dollar deposits to meet some pressing need for funds, in preference to borrowing in Lombard Street, or in preference to realizing Government securities at the wrong moment. With forward dollars at a discount, the profit on the swap reduces the cost of the facilities.

These are but a few aspects of this new and fascinatingly intricate system which has developed unnoticed except by those directly concerned.

Joins Merrill Lynch

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—William N. Levine is now with Merrill Lynch, Pierce, Fenner & Smith Incorporated, 523 West Sixth Street. He was previously with Bache & Co.

With Peters, Writer

(Special to The Financial Chronicle)

DENVER, Colo. — Dale E. Frey has been added to the staff of Peters, Writer & Christensen, Inc., 724 Seventeenth Street.

Midland Canadian Opens in New York

Midland Canadian Corporation has opened an office at 2 Wall Street, New York City to deal in Canadian securities. G. Gerald Ryley is Resident Manager.

The firm is affiliated with Midland Securities Corpn. Limited and The Midland Company Limited.

Courts Adds to Staff

(Special to The Financial Chronicle)

ATLANTA, Ga. — Jack D. Levin has been added to the staff of Courts & Co., 11 Marietta Street, Northwest, members of the New York Stock Exchange. He was formerly with John H. Kaplan & Co.

With Parrish Co.

PHILADELPHIA, Pa.—Parrish & Co., 1421 Chestnut St., announce that John S. Porter and William M. Davison, III, have become associated with them as registered representatives.

Cleveland Analysts to Hear

CLEVELAND, Ohio—J. M. Ver Meulen, President of the American Seating Co., will be guest speaker at the meeting of the Cleveland Society of Security Analysts to be held Nov. 4.

Joins Hornblower, Weeks

(Special to The Financial Chronicle)

CHICAGO, Ill.—William G. McCord has become connected with Hornblower & Weeks, 134 South La Salle Street.

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these securities. The offer is made only by the Prospectus.

NEW ISSUE

October 29, 1959

$30,000,000

Hilton Hotels Corporation

6% Subordinated Sinking Fund Debentures due 1984

With Common Stock Purchase Warrants

Offered in Units consisting of a Debenture in the principal amount of $1,000 with a Warrant attached entitling the holder to purchase 15 shares of Common Stock at a price of $42 per share to and including October 15, 1963, at $46 thereafter to and including October 15, 1967 and at $50 thereafter to and including October 15, 1971, the expiration date of the Warrants. Warrants may not be detached from Debentures or exercised prior to February 1, 1960. Upon the exercise of Warrants, the purchase price for the Common Stock is payable at the holder's option either in cash or by surrender of Debentures at their principal amount.

Price $1,000 per Unit

(Plus accrued interest from October 15, 1959 to date of delivery)

Copies of the Prospectus may be obtained in any State only from such of the undersigned as may lawfully offer these securities in such State.

Carl M. Loeb, Rhoades & Co. Merrill Lynch, Pierce, Fenner & Smith Incorporated

No Economic Justification For Attacking Savings Banks

By Raymond Rodgers, Professor of Banking*
Graduate School of Business Administration
New York University

Well known banking professor vigorously testifies as to savings banks' overlooked importance; rebuts attacks made on this system of banking; and outlines four different things savings banks do for commercial banks in the State of New York. Professor Rodgers examines the reasons for the current wave of attacks; warns commercial banks that S & L Assns. will fill the vacuum if savings banks are not permitted to meet the need for savings services; and submits data showing postwar commercial banks' time deposits have increased 110 per cent to 21 per cent for demand deposits, and they have not fallen behind in the competitive race for savings.

Let us not beat about the bush—savings banking is in danger—the gravest danger in its 140 years of service to the people and institutions of this state! It is under attack; not by the people of the State of New York; not by vote-seeking politicians; not by muckraking journalists; not by Communist propagandists; but by individuals from within organized banking itself. These attacks have been made with such skill and pressed with such determination within the national trade association of banking that the Association has felt it necessary to withdraw from that association. And one banker in our own state has suggested that savings banks be converted to commercial banks or liquidated!


Dr. R. Rodgers

That these attacks come from those *who* would profit from the atomization of mutual savings banking does not make them any the less dangerous. It is unfortunate that the public does not understand the nature of these attacks. This puts a grave responsibility on the press, on educators, and on bankers alike, to see that the truth prevails.

The truth is, as every banker knows, savings banks and commercial banks are both absolutely essential to the welfare and continued prosperity of the people of New York State, and I mean *all* the people — business, labor, and government, alike.

We cannot take the mystery out of banking—34 years of university teaching, writing and speaking on banking enable me to speak with some authority on this—but we can be honest about it, and we have a clear duty to do everything possible to inform the public of the whole truth in a matter of such vital importance to all. This is a continuing, day-to-day responsibility and not an "off again, on again" type of task.

In order to avoid any misunderstanding of the basis of some of the things I am going to say, may I qualify myself. First, I am a professor of banking, which means that I have as much interest in commercial banking as in savings banking. Second, I am proud of the fact that I am an alumnus of one of the great commercial banks of the world, the *First National City Bank of New York*. Third, I have never worked for a savings bank in my life. Fourth, to complete the record, may I add that a year ago, along with professors from Columbia, Hofstra, Fordham, and a colleague from New York University, I helped make a study of "The Adequacy of Banking Facilities in Nassau County," which was financed by a grant from your state association. In fact, it is fair to say that many of the ideas I shall express are the result of our study of the monopolistic conditions prevailing in that county—*conditions which apply to commercial banking as well as savings banking!*

The State Created Savings Banking

One of the most important things to remember about savings banks in New York State is that they were designed and created by the legislature to meet a compelling need. It cannot be too strongly emphasized that businessmen not savings bankers created savings banking. And they created savings banking not as the result of the ever-present and highly laudable search for profit by American businessmen — a motivation that has been the mainspring of our economic progress. On the contrary, mutual savings banking was developed by those same hardheaded, profit-seeking businessmen to render a service that commercial banking could not profitably offer our people. In short, in those days people were poor and savings were small so it was necessary to organize a *mutual*, or non-profit, institution to get the savings function performed at all. As this situation largely prevailed until World War II, savings banking encountered nothing but praise and cooperation from commercial banking.

But World War II ended all that. Disposable income rose sharply and we became a nation of middle-class people with large saving potential. This is clearly indicated by the growth in savings held by commercial banks, savings banks, and savings and loan associations, from $52.6 billion at the end of 1945 to $141.6 billion at the end of 1958—an accumulation of nearly three times as much savings in 13 years as in the preceding 300 years! Moreover, during this 13-year period, far from falling behind in the competitive race, all commercial banks increased their time deposits some $33 billion, while mutual savings banks in the 17 states in which they operate were increasing their deposits only $19 billion. Or, comparing the growth of demand deposits and savings deposits of the commercial banks alone during the postwar period, demand deposits increased $22 billion, or 21%, whereas savings deposits (as measured by time deposits) increased $33 billion, or 110%.

These figures amply demonstrate three things:

(1) The greatly increased flow of cash savings makes it worthwhile for the commercial banks to fight for such deposits.

(2) The commercial banks are getting their institutional share of that greatly increased flow of savings, and

(3) The savings deposits (as measured by time deposits) of the commercial banks have grown in the postwar period at a rate five times as fast as demand deposits.

The Public Interest

As far as I am concerned, the public interest is the only true measure of any institution. Banking, in particular, is such an integral part of the economic life of everyone that it can truly be said that what is good for the public is good for banking, regardless of how it may affect the fortunes of a particular institution, or a particular type of institution.

Well, where does the public interest lie in the present attacks by some commercial bankers on savings banking?

To answer this objectively and unselfishly, another question must first be answered, namely—what is the greatest economic problem confronting this country today? Obviously, it is the problem of growth without inflation. We *must* grow to keep up with Russia —the consequences of losing that race would be so terrible that no sacrifice is too great. We *must* win — there is no other choice. Yet, it will be an empty victory if, in winning, we sacrifice the purchasing power of our dollar and bring down on the heads of our children the social holocaust of runaway inflation with its great danger to our social institutions.

While it is true that our inflation rises from cost-push factors, such as the wage-price spiral and runaway government spending at all levels—local, state and Federal —it is also true that if our people would save more and spend less, the inflationary pressure would be just that much less. In fact, maximum saving, resulting from consumers' spending only for necessities during these critical days, would actually control the threat of inflation. This makes increased saving and decreased spending in the public interest under today's inflationary pressures.

Using this yardstick, let us, as Al Smith used to say, look at the record. The first thing that meets the eye is that the mutual savings banks are the only financial institutions in this state specially set up by the legislature for the specific purpose of encouraging thrift and saving. Other institutions, such as the savings and loan associations, encourage saving, but it is secondary to their primary function which is financing homebuilding; and the credit unions also encourage savings, but here, likewise, it is secondary to their primary function which is meeting the credit needs of their members.

Where do the commercial banks stand in this crucial battle between saving and inflation? Their primary mission is to lend money —originally to merchants, later to producers, and now to consumers also. They thus cover every phase of today's economic life with their lending, and they have done a magnificent job in expanding their lending. On every hand — the subway, radio, television, newspapers and direct mail—the commercial banks urge the consumer to borrow to spend. Some have even gone so far as to arrange for people to draw checks on them *before* making a deposit —and that certainly is 100% service on the spending side!

Such enterprise is highly commendable as bank credit is the very life-blood of our economic life. And consumer credit made mass distribution possible, and thus made a great contribution to the standard of living of our people. Everyone knows the vital importance of our great commercial banking system. Even under the lash of the intemperate attacks of some commercial bankers, no savings banker has proposed that commercial banking be liquidated!

Imperatively necessary as is commercial banking to government, production, distribution and consumption, savings banking is no less necessary. In fact, under today's inflationary conditions, encouragement of saving, the primary function of savings banking, is more important than encouragement of lending, the primary function of commercial banking. But no comparison can invalidate the basic fact that both *commercial banking and savings banking are indispensable to the people of the State of New York.* Neither is expendable from the standpoint of the public interest, and those who say otherwise render ill service to their fellow-citizens as well as to banking.

Both Types of Banks Are Complementary

The inescapable fact is that our commercial banks and our mutual savings banks complement each other in so many ways that it would take days to tell the whole story. To mention but a few of the things the savings banks do for the commercial banks of this state:

(1) Savings banks, like the gathering lines in our oil fields, bring together in one large stream millions of small amounts which otherwise might be foolishly hoarded in mattresses and other dangerous repositories. And what do they do with these amounts? They deposit them in a commercial bank—in fact, as a practical matter, there is nothing else they can do with the cash funds which they gather from their millions of depositors! Such deposits, which are in the hundreds of millions of dollars, constantly turn over and thus furnish the commercial banks with a steady, dependable flow of cash of large proportions.

So, far from siphoning off deposits, as has been charged, savings banks actually siphon *in* deposits to the commercial banks!

(2) Savings banks buy mortgages—again in the hnudreds of millions — from the commercial banks, and thus contribute to their necessary liquidity. This also contributes to the profits of the commercial bank, as it is thereby able to get the income on the antecedent construction loan, to get a premium, or bonus, on the mortgages sold during times of easy money and, generally, to get income of one-half of 1% per annum on the outstanding balance during the entire life of the mortgage for servicing it. Such bonuses and servicing fees from mutual savings banks have contributed, *and are contributing even now*, heavily to the income of the Nassau County bankers who have been most vocal in their criticism of mutual savings banking. Thus, even if vaild—which it is not — such criticism would come with singular ill grace!

Parenthetically, I may add that the so-called "flight money" charge was not made so long as the "flight" of mutual savings bank funds to Nassau County was in such heavy volume that bonuses and servicing contracts could be exacted by these critics. It was only after the legislature of the State of New York in its wisdom saw fit in 1949 to rescue our savers from such monopolistic exactions by permitting the purchase of out-of-state mortgages that these economically silly and patently selfish charges were made.

(3) Savings banks make great contributions to the public understanding of our high-powered, potentially inflationary, twentieth century banking system—and the importance of this understanding cannot be over-emphasized, as our commercial banking system can be either the greatest service agency ever devised by man, or, alternatively, a force for inflation —depending on how we utilize it. Fortunately, the most outstanding difference between present-day banking and banking before the Great Depression of the early '30s is the much better understanding of banking by both bankers and the public.

Today, there are banking schools throughout the country and special banking conferences in every state in addition to the Graduate School of Banking of the American Bankers Association and the Graduate School of Credit and Financial Management. Literally thousands of bankers are studying, not only in such schools and in the classes of the American Institute of Banking, but also on their own in our great universities. For example, this year New York University alone has more

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October 23, 1959

than two thousand graduate students from the field of banking.

Savings banking has been in the lead in participation in all such educational activities. Millions of people first learn to use banking facilities through a savings bank account, either while in school or later. Habits formed and knowledge gleaned from owning a savings bank account lead to the opening of checking accounts and the proper utilization of the other banking services provided by commercial banks. Any division within the field of banking, such as some commercial bankers have proposed, would obviously weaken these educational efforts. This is certainly not in the public interest—especially today, when it is our national policy, as set forth in the Employment Act of 1946, to use our banking system and our money management as the basic tools in our efforts to achieve greater stability in our economy.

(4) Savings banking contributes to public confidence in commercial banking. The unparalleled record of financial safety of our savings banks helps preserve public confidence in all banking in times of economic stress. During the '20s and early '30s when some 15,000, or approximately one-half of all the commercial banks in the United States failed or voluntarily closed, there was not a single failure of a savings bank in this state. In fact, who is old enough to know first-hand of a savings bank failure in New York State? The same cannot be said of any other type of financial institution. Public confidence in our mutual savings banks is so great that in times of severe economic stress limitations must be placed on new savings bank deposits to prevent a flight of deposits from the commercial banks, and other institutions.

There are many other examples which could be cited of the interdependence of commercial banking and savings banking, but these four are sufficient to show not only where the public interest lies, but, also, where the true interest of commercial banking, as a profit-seeking institution, lies.

Why the Attacks on Savings Banking

If savings banking and commercial banking are so interdependent, what is the explanation for the attacks by some commercial bankers?

These attacks are partly based, as explained earlier, on the change in the pattern of saving. They are, also, partly based on the tight money conditions of today which make it profitable to divert savings from their traditional uses for capital purposes, such as home-building and financing our government, to consumption channels, such as expanding consumer credit. In fact, one of the commercial bankers who has been most critical of savings banks has recently, according to credible reports, been attempting to sell $5 million of his mortgages to those self-same savings banks so that his loans, including consumer credit, can be further expanded.

Many of the commercial bank critics of savings banking are sincere in their belief that specialization in banking is no longer advisable. Although specialization is growing in all other fields, they feel that it is not a good thing in banking. They thus take a position contrary to the basic economic principle of the division of labor and to the whole historical record of the evolution of banking.

Still other commercial bankers feel that their communities are not large enough to support both a commercial bank and a savings bank. There are, of course, many such communities in New York State, and if there can be only one good bank, it certainly ought to be a commercial bank — no one denies that.

Commercial bankers should realize, however, that if a real need for thrift facilities exists, it will be met. Such economic vacuums do not last forever. And, if savings banks are not permitted to meet the need for savings services, the savings and loan associations will. Any commercial banker who doubts this should compare the development of savings and loan associations in California, where there are no mutual savings banks, with their development in New York State, where there are savings banks. So, if there is a need for thrift facilities, the alternative is not local monopoly or a savings bank branch, but, rather, a savings bank branch or a savings and loan association.

Still other commercial bankers, such as the large Nassau County bankers who have spearheaded the attack on savings banking, are defending the highly profitable, monopolistic position given them by the protection of the banking district line. They have every right to do that, but not at the sacrifice of the public interest by turning the small banks against the large banks; and the commercial banks against the savings banks.

Conclusions

My conclusions are that there is no economic justification for the current attacks on savings banks. It is unfortunate that the public does not yet understand this. It is even more unfortunate that there are those who either through ignorance or for selfish purposes, mislead the public.

There are controlling economic reasons for small banks and big banks, for commercial banks and savings banks, or they would not have developed side by side. Those who selfishly attempt to turn the small banks against the large banks and the commercial banks against the savings banks remind me of President Roosevelt's bitter remark about Mussolini when he forced Italy to attack France in World War II: "The hand that held the dagger has struck it into the back of its neighbor!"

*An address by Prof. Rodgers before 66th Convention of New York Savings Banks Association, aboard the SS. Nieuw Amsterdam, Oct. 21, 1959.

Two With First Southern

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga.—James H. Dukes and John R. Paterson have become connected with The First Southern Corporation, 70 Fairlie Street, N. W.

A. C. Allyn Co. Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—James L. Morris is now with A. C. Allyn and Company, Incorporated, 122 South La Salle Street. He was formerly with Francis I. du Pont & Co.

Joins L. F. Rothschild

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Frank S. Whiting, Jr. has joined the staff of L. F. Rothschild & Co., 231 South La Salle Street. He was formerly with Hornblower & Weeks.

Shearson, Hammill Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Peter J. Gressens has become associated with Shearson, Hammill & Co., 208 South La Salle Street.

Joins M. W. Welsh Co.

(Special to THE FINANCIAL CHRONICLE)

VINCENNES, Ind. — Richard P. Lehman has become associated with M. W. Welsh & Co., Inc., 307 Busseron Street, members of the Midwest Stock Exchange.

With State Bond & Mtge.

NEW ULM, Minn. — Erwin O. Seidl is now with State Bond & Mortgage Company, 28 North Minnesota Street.

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

According to the Internationalists, two dire events, filled with foreboding for the future peace and well being of the world, have taken place in Washington recently.

Carlisle Bargeron

First, the Department of Agriculture ran out of surplus butter. You would think this would be a matter of rejoicing. The surplus in wheat, corn and butter, together with other commodities, has been running out of our ears and is costing us about $1 million a day for storage alone. In an effort to get rid of it we have been giving the surplus to needy people around the globe. The Department of Agriculture has to pay the farmers for these commodities, so giving it away, or about the same thing, bartering it off for counterpart funds cost the taxpayers of the country money.

But instead of there being any rejoicing over our having cleared our storage butter there is an awful howl about what will the foreign nations do. They have come to expect our butter and for them to be suddenly cut off is outrageous. The department is being criticized as negligent in not warning these foreign nations that the supply is running short. CARE and the other relief agencies which cater to the needs of the needy peoples are, it is claimed, having to go into the open market and buy butter to fill their commitments.

It is a sad situation but not one that the taxpayers will fret about. The second event of dire consequence is the action of the Development Loan Fund. It is supposed to pump dollars into the remote areas of the world in order that the peoples of those areas can attain culture and take their place among the prosperous nations.

Heretofore, we have been pumping the dollars into these nations and permitting them in turn to spend it in any country they may desire.

The new order of the Development Loan Fund requires that the dollars must be spent here. This has caused the largest outcry of all. The International Cooperation Administration which is supposed to help the poorer nations to get on their feet and State Department are embattled with Secretary of the Treasury Anderson. The policy is undermining our foreign policy, foreign aid policy, and, above all, is an oblique way of restoring the protective tariff.

Well, this is just too bad. If the dollars we give away can't be spent in this country, what good is it to us to give them away? This is all we will ever get back. The counterpart currencies serve very little purpose other than to give our Congressmen junkets which don't show up on any accounting that is made to the taxpayers.

The dollar shortage which formerly existed in most of the countries is now over.

The conflict between Secretary Anderson's policy and those who are against it is expected to flare up next week after Under-Secretary of State Dillon returns from a trip to the Far East.

Before he left, Mr. Dillon is understood to have felt that he had an agreement with Secretary Anderson not to extend the "Buy American" principle to the whole foreign aid program. Anderson is understood to have had the opposite impression, and was about to insist that an announcement be made that in the future the foreign aid program would be tied to dollar sales. The State Department and the International Cooperation Administration have succeeded in holding up this announcement until Dillon's return. The fight will then be carried to the White House.

Secretary Anderson points out that 10 years ago it was necessary, with the free world flat on its back, for this country to do everything possible to encourage the outflow of dollars. But this situation has changed. Most of the industrial countries have built up substantial dollar and gold reserves and there has been a drain on American gold reserves.

Last year, for example, the United States had an overall balance-of-payments deficit of $3.4 billion and this year the deficit is expected to be about $4 billion. These deficits are not caused by trade imbalances. The United States still exports more goods than it imports.

Secretary Anderson is very close to the President. The President relies on him almost completely in the field of finance. Nevertheless, the State Department and the ICA are impatiently waiting the return of Dillon whom they hope will be able to overturn Anderson's policies.

Murray Simons New Firm Name

Effective Nov. 1 the firm name of Simons, Linburn & Co., 25 Broad Street, New York City, members of the New York Stock Exchange, will be changed to Murray Simons & Co.

On Nov. 5 Lillian Simons and Florence B. Zaidenberg will become limited partners in the firm.

Sutro Bros. & Co. To Admit Volpe

On Nov. 1 Philip G. Volpe, member of the New York Stock Exchange, will become a partner in Sutro Bros. & Co., 120 Broadway, New York City, members of the New York Stock Exchange.

A. M. Kidder Appoints

POMPANO BEACH, Fla.—Robert C. Fuller has been appointed Manager of the Pompano Beach office of A. M. Kidder & Co., Inc., 2451 Atlantic Boulevard.

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"What Kind of Sixties?"

By Henry C. Alexander, Chairman, Morgan Guaranty Trust Company of New York*

Banker discerns some blemishes and disfigurements on the otherwise generally pleasing face of the present economy. Without finding the need to sound an alarm, he urges this become urgent business for all of us so as to arouse stable growth and a stable purchasing power dollar. Mr. Alexander particularly stresses we select the "right" and not the "wrong" medicine. He dismisses fears of a money panic in supply or in cost; suggests the right way to get out of the deficit rut in our international balance of payments; terms too many non-emergency budget deficits constitutes monetary nonsense; and submits the interest rate ceiling on U. S. bonds is the same as placing a printing press in the Treasury's office.

What kind of Sixties *will* we have? I am not going to try to predict what the Gross National Product will be in 1965 or 1969. Nor do I have a chart showing what the population will be 10 years from now. Both will be bigger. Our country and its economy will grow in size and activity. The questions I would like to focus on are: How sound will that growth be? Will it be firm or flabby? Will we simply have statistical growth, or will we have more and better things for our more and more people?

Henry C. Alexander

The answers to these questions are obscured by two great clouds. As to one of those clouds, I can express only my hopes, not really any valid opinion. Who can guess, even now, the riddle of the Kremlin? I will not concede that this menacing force can decree the pattern of our lives. We are still the master of our own fate, but in this age our enemies can pretty well set the price we shall have to pay to keep that mastery. Thus any assessment of the future must be made in the shadow of the great "if" of the cold war. About this, we may be optimistic or pessimistic, according to the events each day brings, but the cloud remains, and its removal is not a matter within our power. It is, however, within our power to be always as steadfast and devoted to our ideals and purposes as are the Communists — even more so.

The other cloud over our economic future is one we can deal with, if we will. It is the cloud of uncertainty as to how intelligently we as a nation will manage our economic affairs. If we do well at this, and if the world situation can be held in some kind of political balance, we can make the next decade the Sound Sixties and the best this century has seen.

As we prepare to enter that decade, we start with a generally good economic situation. The economy has maintained vigor through three months of steel strike. Consumers are spending and borrowing to spend—maybe borrowing too freely and maybe with too much encouragement. Capital spending shows good strength. Not all the overcapacity built in the last boom has been digested, but the incentive of greater efficiency is working to encourage replacement programs. There have been at least some welcome signs of a determination to keep prices in check. Some unidentifiable forces even seem to have been intent upon doing this in the stock market.

The present face of the economy, then, is a generally pleasing one. But there are some blemishes. A long strike leaves scars. Deeper down lurk other disfigurements. They are the monetary, fiscal, and commercial problems which we shall have to solve if the beauty of the face is to be preserved and enhanced.

Sees No Money Panic

Fears have been expressed that our prosperity may be threatened by high interest rates, or by a shortage of credit. There is even talk here and there of a coming "money panic." Panic talk is without foundation. Interest rates are not going to go through the roof. I believe there is a good chance they will move in an area around the present level—maybe for some little time. A sustained strong upward thrust in unlikely. The demand for money has for some time now been strong from all types of borrowers. This has brought rising rates, obviously so. But the supply of money and credit is not exhausted. Savings continue to be available for long borrowers. The commercial banking system supplied loan funds in the first nine months of this year in an amount greater than in any like period during this decade, and yet it still holds about $60 billion of U. S. Government securities. The system is heavily loaned but not "loaned up." No, I foresee no money panic either in the supply or in the cost.

Just as too little and too expensive money can hamper growth or even bring on recession, too much and too cheap money will find its outlet in inflation, in speculation and in spiraling prices. The money supply, to be right, should be reasonably snug to the growth needs of the economy and the cost of money should be encouraging to sound growth.

But the problem of monetary management is bound up with other problems, both domestic and international, that are ripe and pressing for solution. We know the answers, but unless we are willing to apply them, the problems will worsen and become critical as the new decade progresses.

Balanced Trade Solution

High on the list, I would place the red figure which our nation has been running in its balance of payments with the rest of the world. This has been going on, with only one interruption, for 10 years, during which our deficit has totaled more than $17 billion. We have lost some gold as a result, but that in itself is not the disturbing point. Our gold stock is still more than ample. The disturbing point is that we have gotten into a rut of deficit in our international payments. No nation, however affluent, can long endure a substantial deficit in its balance of payments without weakening its currency and its economy and ultimately lowering the standard of living of its people. We are no exception. For a while, and in moderation, a strong nation can tolerate such deficits, but we have seen, at many times and in many places, what happens when it tolerates them too long. The lesson is plainly written.

For a cure we must choose the right medicines; the wrong ones can do as much harm as the disease itself. We need to export more goods. Our exports still show a margin over our imports, but it is a slim one. Not nearly enough to support our overseas military expenditures, foreign aid and private investment abroad.

Building up our export sales is one of the toughest jobs we will face in the Sixties. The competition from other countries for world markets is beyond anything we have faced in the past. Foreign competition used to rely principally on price; it still stresses price, but now it features quality too.

In many markets we're still contending with discriminatory restrictions applied against our goods in the days when the world was short of dollars. Here and there these bars are being removed, and this will help us increase our export sales. Our nation should be aggressive in urging other countries to drop their discriminatory restrictions against our goods. The original reasons for such barriers have largely disappeared.

I mentioned that the wrong remedy can be worse than the sickness. Putting on our own import restrictions to help balance our exchange payments would be a wrong remedy. It would merely bring retaliation in kind, shrinking the circles of trade and canceling out much of the tortured progress that has been made since World War II toward establishing a favorable climate for world commerce.

Our foreign aid program contributes to the deficit in our payments balance. The time has come for our allies to carry a larger share of the capital outlay for helping underdeveloped areas. They have attained a degree of prosperity which would enable them to do this. After all, the objectives of foreign aid are not narrow national ones. They are as much the objectives of our allies as they are our own.

Another important element in our balance of payments deficit is the amount of private capital being invested abroad each year. Private investment in foreign countries is a natural and desirable function of an aggressive economy such as ours, and I hope not to see the day when artificial restrictions on it are necessary. I think our situation right now, however, is one in which we should go very slowly in adopting measures which give special encouragement to such export of capital. Until we increase our exports of goods and secure some relief from the heavy burdens of foreign aid, we had better proceed only modestly in promoting, through tax laws, treaties or otherwise, the movement of private capital abroad. It should not be necessary, I repeat, to place restrictions on such movement.

At the end of last year, the amount of private, long-term American capital invested abroad exceeded by about $22 billion the amount of long-term foreign capital lodged in this country. We need to make the climate for investment here so favorable that foreign capital will stay and more will come. This means keeping our currency sound and yields in our investment market attractive. If we don't do this, foreign capital will leave and our balance of payments situation will worsen.

It was heartening to note, at the recent meetings of finance ministers and central bankers from all over the world in Washington, that confidence in the dollar remains strong. The dollar hasn't weakened, but a number of other currencies of the world have greatly strengthened. The dollar's margin of superiority has been reduced. Other currencies now are acceptable media of investment for the world's funds, and compete actively for them. In the coming decade, to which we are turning our attention today, this competition is likely to intensify. Another reason why we must keep the dollar strong in every market.

But a currency, to be strong abroad, must remain strong at home. Its strength, like its value, is not fixed but is measured by prices, and is affected by powerful forces beyond the control of the monetary authorities. I will mention briefly a few that have a significant bearing on the strength of our own currency.

Chronic Budget Deficits

Budget deficits are bad, seriously bad. Too many deficits, too often, constitute monetary nonsense. There are times, as in fighting wars or recessions, when budget deficits are justified; but the normal rule of the nation, as for the individual, must be the balanced budget, and any departure from that rule should be made only with the firm determination to return to it at the first possible moment.

Federal Debt Management

The management of our government debt also complicates the job of monetary policy. The government debt is very large, about $288 billion. Even more disturbing than its size is its composition. Included in the total is $183 billion of marketable obligations. Their average life to maturity is only 4½ years. Coming due in the next 12 months is a total of $78 billion. Another $58 billion closely overhangs this in the one-to-five-year maturity span. As the months pass, this overhang will run down into the one-year bracket unless new issues of longer maturity can be placed.

The total debt is too short and the floating debt is too high. If the Treasury must finance budget deficits and refund its maturities through the banking system, money will be created and a strongly inflationary force set loose. And yet the Treasury is trapped almost completely in this one section of the market by the interest rate ceiling which prevents it from selling long bonds. This 4¼% ceiling should come off. We are inviting inflation by keeping it on. When the government has to do all of its financing at short term, it isn't truly borrowing funds, it is coming dangerously close to creating them. The Secretary of the Treasury doesn't want a printing press in his office, but the practical effect of the rate ceiling may be to put one there.

We need a balanced and lengthened schedule of Treasury maturities if we are to tighten our defense against inflation and, I might add, ever get relief from the harassing, nerve-jangling, market-jittering, always upcoming problem of Treasury financing.

Still another important force affecting the value of our currency is the relationship of wages to productivity. Wage rates in the steel industry are not settled yet. The issue involved is still the same as it was last July. Is there to be a non-inflationary settlement or another turn of the wage-price spiral? I do not know what the answer will be, but I do know that wages should be closely related to productivity. Otherwise prices will rise, we will lose our position in world markets and the dollar will lose standing both at home and broad.

And, finally, let me emphasize that in presenting some of the problems that confront us as we prepare to enter the 1960s, my purpose is not to sound an alarm but to stress my conviction that these problems can be solved and the dangers they embrace can be averted, but only if they are tackled with the will and determination to overcome them. This should be urgent business for all of us in the decade we are about to enter. The over-all battle for stable growth and against erosion of the purchasing power of the dollar is still in its early stages, but I believe it can be won—indeed will be won or lost—in the years of that decade, very likely in the early years. If we win it, the Sixties—whatever kind they are eventually called—may well be the best years we have so far enjoyed.

*From a talk by Mr. Alexander before the New York State Savings Bank Association aboard the SS Nieuw Amsterdam, Oct. 17, 1959.

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Prospects for an Industry That Has Found Itself

By C. M. White, Chairman of the Board, Republic Steel Corp.*

Steel producer visualizes record-breaking year in 1960 of between 120-130-million ingot tons and declares the decades ahead will be an eye-opener in the investment world. He furnishes pragmativ evidence of steel's earning ability during rough phase of the business cycle after tracing substantial gains made in efficiency; sees present rate of change accelerating and the earnings base showing consistent improvement; and counts on labor cooperation and technological advances to counter increasing foreign competition affecting domestic and foreign sales.

By the time I went to work in the steel business it had already outgrown what you might call its "scrape and scrabble" days. Throughout the last half of the 19th century it had been scrape for capital and ore and skilled men, and scrabble for business and a profit—any profit to keep the business alive. Many companies were poorly run and poorly financed, and they were all locked in a don't-give-a-damn, get-the-order-at-any-price kind of competition. Rebating, spying, inside deals of all kinds were common practice, and they gave the industry a bad name that has been hard to live down.

Charles M. White

But by the time I went to work for U. S. Steel in 1913, the character of the industry had changed. The trend toward mergers that began in the '90s had brought some order out of the chaos. Integration improved efficiency. Consolidation made it possible to strengthen the capital position of the new corporate structures, and improve business practices.

Looking back, we can see that it was the beginning of the "prince and pauper" era, but in those days it looked pretty good. With merger piling on merger; with princely profits following hard on the heels of princely stock issues, it looked as if hard times were over for the industry.

The new corporations were extremely loose structures by modern standards. They were made up of coal companies, ore companies, limestone companies, primary metal works, and numerous product companies turning out such items as sheets, bars and structurals. They were tied together on paper but they were actually closer to being aggregations of separate companies than tightly knit production machines. But even these early corporations demonstrated a marked increase in efficiency, and showed that sound business practices were possible in the steel industry. Through the first two decades of the new century the steelmakers —and the country—prospered and grew.

There was still something fundamentally wrong with the steel industry, however. For if its princely face showed during these two decades, the pauper face was waiting its turn on the stage. Following the postwar boom that sent prices to new high levels, business had a sharp reversal in 1921. Operations fell to 35% of capacity, and the steel industry was groggy for two years. Then business suddenly improved, and 1923 saw new records for both pig iron and steel.

But big trouble was brewing. Little by little, companies began backsliding into the short-sighted business practices of the pre-1900s —the fast buck, the profit-today-and-forget-tomorrow kind of business that sapped the industry's strength. Then came the Depression, and the bottom dropped out. In one way, however, the Depression had a good effect on the steel industry. In Republic, I know, it shook us up and convinced us that we had to find our weaknesses and overcome them. Other companies apparently felt the same way about it, and I think this was the beginning of the end of the "boom and bust" days of the industry.

An Approach to Reality

One of the earliest approaches to reality was when companies began to wake up to the importance of the warehouse, and its function in the steel business. Up to that time an important customer could include in his large-size order any number of sizes and grades of steel, literally down to what a man could carry on his back. This was a tremendously costly operation for the mills.

In a talk I delivered in 1937, I used as an illustration the fact that it was costing us an average of $60 to change sizes on one of our bar mills. If 60 tons were rolled on a size change, quite patently the cost per ton would be $1. But if only one ton was rolled, the cost would be $60 per ton.

In many cases where a customer wanted only a few hundred pounds of a size and grade, the product of a billet would be several times the size of the order. This meant that most of the steel rolled from this billet would go into stock, and would probably wind up in the scrap pile after having been carried in stock for months or years. Such things were constantly happening, and they played hob with our costs.

As the wastefulness of this condition became clear, companies one by one began charging proper extras for these services. Consequently, the small rollings were gradually reduced, and warehouses were able to fill their proper function of distributing promptly and in small lots the products of larger rollings. As a result, we in Republic soon could observe an improvement in our cost picture, and I am sure other companies must have had similar experiences. Another result of eliminating the small order was to improve scheduling and, consequently, to increase the effective capacity of the bar mills of the country.

World War II made us even more cost conscious. The expansion program that went with "guns and butter" loaded the industry down with heavy obligations. The emergency facilities qualified for the fast write-off provisions of the five-year amortization plan, but rapid amortization was of value to a company only if it was making profits.

Therefore, if Republic took an order at an unrealistic price, we had to figure not only the immediate loss, but also the fact that we were destroying our ability to pay off our obligation. This could have been a fast road to bankruptcy, so an all-out effort was made to determine real costs.

I'll give you a few examples. We found that one plant we acquired had a policy of charging back into the open hearth all of its scrap at a flat figure of $5 per ton. Because they made the scrap themselves and were not selling to an outside party, they figured they were losing no money on the deal. But what they didn't realize was that when scrap was selling for $40 per ton, and they were charging only $5 for their own scrap, they were coming up with fake costs. Since these costs were used to determine the selling price of each product, it was a good way to lose money.

Other plants were using selected scrap for particular heats and particular customers with a consequent penalty against the balance of the output of the plant. Some low sulphur or low carbon grades that had to have additional furnace time were being charged out to the customer on an average basis. Additional annealing, slow cooling and other special handling were also being offered without extra charge, and with no record of the additional cost.

These mistakes have been corrected in our company, and our charges today are based on accurate cost information. I suspect that other companies have found it necessary to work out similar problems, and I think there is no doubt that cost determination throughout the steel industry, while not uniform, is now on a sound basis.

World War II brought about improvements in other areas of the steel business, also. The development of a standardized classification system for grades of steel, brought about by the demands of A. P. I., S. A. E. and A. R. A., was a tremendous improvement. Where we once made thousands of analyses to fit individual ideas and demands, and often carried billets and slabs in stock to make them, we are now listing only about three hundred numbered steels.

Job classification made headway, too, and when the task was finally completed shortly after the war it gave the industry, for the first time, a solid base for measuring wage scales. It also eliminated one of our most troublesome labor problems. This was the task of identifying and describing jobs in one mill as compared to jobs in another mill—jobs having the same title but different duties.

Improved Raw Material Situation

An important change since the war has been in our raw materials picture. In my opinion, the steel industry has done a magnificent job of developing new sources of iron ore. In 1947 I prepared a paper outlining the dangerous condition our country had gotten into through the exhaustion of the open pit hematites of the Mesabi Range. Since this report was made, we have discovered, explored, developed and brought into production ore bodies containing untold millions of tons of iron ore which we either did not know existed, or did not know how to mine and treat — just twelve years ago.

Coal and limestone are in the same happy category, not only for our own company, but, generally speaking, for the entire industry.

Republic has played a part in all of these activities. I am especially proud of our work, along with Armco, in developing the low-grade taconites into a useable, merchantable material.

The steel industry has also taken steps to develop and improve its management resources. In Republic, for example, we have a presupervisory program, a basic economics course, an assistant manager's training program, and a broad management cooperation program designed to improve management function at every level. We send selected men to M. I. T., Case, Harvard and various other universities for special training, and when we find young men of promise we help them obtain advanced degrees. In addition, we have expanded our sales training program in line with growing marketing problems, and developed a two-year training program for accountants.

As a result of these efforts, we now feel that our management structure has the depth, the breadth and the flexibility needed in today's rapidly changing world.

Programs vary from company to company, but throughout the industry management training— and management performance— is showing marked improvement.

Foreign Production and Wage-Push Inflation

Another important change is that steel companies have been forced into labor negotiations on virtually an industry-wide scale. We have largely one contract, one union, and one labor boss—Dave McDonald. Under his leadership union demands have become so heavy that steel companies have been forced to work together to avoid ruinous inflation. I believe that we have slowed this trend, but we are determined to keep fighting until wage-push inflation is no longer a threat to the economy.

Tied in with inflation is another problem which is now becoming troublesome. We have to learn how to cope with the low-cost steel production of the rest of the world. We have already lost a good portion of our export market. Fortunately, it was only a small share of our total sales, but now we are faced with serious inroads of foreign steel in our domestic market as well. This is a new experience for us.

It is my belief, however, that with advanced mechanization; the increasing capacity of our blast furnaces and open hearths; the advent of new processes and new methods; the increasing emphasis on research; the steadily improving quality of our steels, and, we hope, the cooperation of our labor unions, we can successfully handle this problem.

In fact, I want to go further than that. When I think of the new developments that are coming along in the wonderful world of pure metals, and the observable trends in the steel industry — powder metallurgy and powder rolling; new methods of extracting metal from ore; vacuum and controlled atmosphere melting; new ways to control grain structure; the possibility of using atomic energy in steelmaking; the whole new vista of automatic control—when I think of these things I get a tremendous vision of this industry in the 'Sixties and 'Seventies. It is hard to conceive of our present rate of change accelerating, but the signs all point that way.

An Investment Eye-Opener

From the standpoint of efficiency alone, I think the steel industry in the decades ahead will be an eyeopener in the investment world. Our earnings base should show consistent improvement.

But first we have to blast forever the picture of the scrape and scrabble era, and the prince and pauper era of the steel industry's early days. To do that, all we have to do is focus attention on the record. Since World War II the steel industry has carried out the greatest expansion program in its history. We have solved our raw materials problem for the foreseeable future. We have

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October 28, 1959.

Savings and Loan Business And Pending Legislation

By Kenneth G. Heisler, Managing Director, National League of Insured Savings Associations*

S & L Association official finds that rising interest rates this year have not particularly impeded the housing boom, and opines that home construction in the immediate future will not decline substantially as normally would be the case. He credits the success of S & L Associations for helping to keep the housing rate up and notes that their competitive success has intensified A.B.A.'s tax efforts on Capitol Hill. Mr. Heisler reviews Federal legislative developments affecting banking, comments of the increasing competition facing S & L Associations and measures to enlarge controls, and offers observations regarding the interest rate controversy.

Our government emphasis is slowly changing from a predominant government of sovereign states to a predominant central government emanating from Washington. The process is gradual enough and perhaps accompanied with sufficient candied goodies to make it palatable.

Kenneth G. Heisler

The price farmers get for their products is dictated by Washington policies. Washington is looked to for labor laws, highway projects, public works, civil rights and the like. Savings and loans — State or Federal — are no exception. My subject is timely.

Political Climate

Any discussion of the savings and loan situation in Washington must first take into consideration the political climate which exerts so much influence on developments in the broad field of thrift and home ownership. Because of next year's national elections, the political atmosphere is particularly supercharged as has been illustrated in the handling of this year's Housing Bill. Every major decision and action has been and is being assessed, at least in part, on the basis of its political impact on the 1960 contests.

The problem is particularly intensified by the division which has existed within the government during the last five years under which the Republican Party controls the White House and the Democratic Party the Congress. Party leaders in both camps are striving for unified political control under their own banners. One-party control would remove much of the political controversy from issues such as housing, but despite its faults two-party control is no doubt better than the European parliamentary-Prime Minister type of government.

The political issue changed over the Housing Bills from public housing versus private enterprise to one over inflation. In its simplest terms the Housing Bill provided the best vehicle possible for the Republican Party to pin a "spender" label on the opposition. By the same token the Democrats felt that the Housing Bill provided the best vehicle possible to show that the opposition was "callous" to human needs. So you have the makings of a king-size political issue which exploded all over the place this summer.

Reviews Housing Bills

The last Housing Bill contained two items providing additional authority for the business. One item would authorize Federal associations to make loans not exceeding at any one time 5% of withdrawable accounts to finance the acquisition and development of land for ultimate residential usage. Another would, in effect, increase from 20% to 30% the amount of assets which could be invested by insured associations in participation loans beyond the regular lending area.

These items were left in the third Housing Bill which just went through Congress. Earlier attempts had been made to remove them and an attempt was again made this time.

This third Housing Bill was put together after an agreement was reached between the Senate and House leaders handling these bills and White House aides. In this third bill about three changes were made from the previous bill. [The third Housing Bill was signed by the President.—Ed.]

Inflation and Interest Rates

Other issues which have concerned the savings and loan business this year have been problems involving inflation and interest rates. I will attempt only to relate this subject to the savings and loan business and what might be anticipated depending upon the outcome of the ballot boxes.

It must be borne in mind that a political situation does exist here as I have just mentioned as applying to the Housing Bill. Low interest rates do appeal to many people regardless of the austere economics of the situation. For instance high interest rates present a real problem to many savings and loan associations that hold long-term low interest rate mortgages. Low interest rate advocates in Congress contend the question is not black and white. For instance in the past interest rates have tended to follow a 40-year cycle. There was a bottom in 1901 on interest rates and a high recorded in 1921 followed by a decline of similar duration. Interest rates again turned upward about 1941 and following this pattern, there would be about a 20-year trend in that direction. They contend that higher interest rates will substantially increase the cost of carrying the Federal, State and municipal debts and have an adverse effect on capital formation and prosperity generally.

These advocates of low interest rates feel the Administration has gone too far. Although they approved the rise in the savings bond rate from 3¼% to 3¾%, they would not approve the removal of the 4¼% ceiling on long-term securities. There was the feeling that the Federal Reserve Board had gone too far in its tight money program and to demonstrate their feeling about the matter, they determined not to grant broader authority to the Treasury on long-term bond rates.

Statutory Interest Rate

In passing the savings bond rate increase, the House conferees accepted the Senate ceiling of 4¼% instead of no ceiling and the Senate accepted a House version of an amendment to the tax laws permitting the tax-free exchange of any U. S. bonds without the recognition for tax purposes of a gain or loss.

What solution is proposed by those who do not favor a free interest rate. One is to keep down ceilings wherever they are imposed and attempt to put pressure on the Federal Reserve Board to loosen credit.

It is doubtful if the policy of buying government securities on a large scale would be resumed by either administration that happens to be in power. The Federal Government, for a number of years, followed a policy of purchasing billions of dollars of government securities at fixed prices in order to prevent an increase in the interest rate. This policy, however, is now being blamed for a large part of the postwar price inflation and was abandoned by the Democratic Administration in 1951 with a Treasury-Federal Reserve accord. It has been adopted and followed by the Republican Administration.

Another proposal would create a secondary security reserve. This plan would require life insurance companies, savings banks and savings and loan associations to keep a certain percentage of their assets in medium and long-term government obligations. The reserve requirement, together with those of commercial banks, would be raised or lowered to control the loanable funds for private use.

Another suggestion always before us is the use of selective credit controls. To date this type of control has not been used except in time of emergency (such as a major depression or a war) and it is unlikely that the American public has reached a point where this type of control would be acceptable.

Federal Home Loan Selective Control

The Federal Home Loan Bank Board, at one previous time in its history and now currently, imposes a selective control over borrowing from Federal Home Loan Banks. There are now no Federal controls of this type except that imposed by the Federal Home Loan Bank Board on Federal home loan bank credit and those imposed by the Federal Reserve Board on stock exchanges. All other controls of the Federal Reserve Board are indirect and intended to affect all industry and business. This direct and specific control by the Federal Home Loan Bank Board over credit has aroused cconsiderable controversy because it affords a precedent for direct control over industry rather than relying on a control by interest rate. Interest rate is itself a control. It is used to stimulate housing and borrowing in the case of FHA and VA loans. It is used to regulate intra-industry competition in the case of banks. It is the prime regulator of the over-all economy when used by the Federal Reserve Board in fixing discount rates and should be adequate to control Federal Home Loan Bank credit.

As a result, interest rates have been on the increase and the probability is that the rate structure—subject to minor fluctuations—will remain at the present level or higher for an indefinite period of time.

Effect of Rising Rates on Housing

A great deal of criticism has been levelled against rising mortgage interest rates. But it is interesting that rising rates this year have not particularly impeded the housing boom. Moreover, although the value of a house has more than doubled since 1946, the interest cost per month to the borrower is proportionately lower than it was 13 years ago. Lower downpayments and longer mortgage maturities including the cost of interest when compared with monthly rental charges are quite reasonable.

The kind of credit tightening we have been experiencing this year ordinarily would be expected to result in a substantial lowering in housing and home finance volume —if not now, certainly in the immediate future. But this has not—and probably will not be—the case.

It is predicted that home construction will decline somewhat in the months ahead—but not as fast nor as sharply as normally would be the case. The reason, of course, is that the savings and loan business is enjoying a fabulously successful year. Estimates now place the expected volume of new savings this year of savings and loan associations in the range of $6.8 billion — a sizable increase over last year's record-breaking net savings gain. And on the mortgage lending side, savings and loan associations will account for $15.5 billion in new loans—roughly one-quarter more than was written in 1958.

Savings associations have been able to maintain a steady flow of home financing to real estate markets this year largely because they are equipped to adapt their operations readily to money market conditions. And with money the tightest it has been in a generation, the savings and loan business has performed magnificently.

A. D. A. Reaction to S. & L. Association Gains

Savings and loan operations in the magnitude I have described will have a bearing on Congressional consideration of legislation being pushed by the American Bankers Association to revise Federal tax law governing our business.

Let me illustrate the situation this way: During the first six months of this year, net savings received by savings associations, commercial banks, mutual savings banks and other similar media declined rather sharply. A total of $7.1 billion was collected by these institutions during the first half of this year as compared with $10.4 billion in the same months last year.

In the face of this decline, savings and loan associations made substantial gains. Out of the $7.1 billion received by all institutions the first six months of this year, savings associations netted $3.4 billion—or 49 cents out of every savings dollar.

On the other hand, commercial banks which recorded striking gains in savings early last year were unable to repeat their performance in 1959. They gained $4.1 billion in new savings in the first half of 1958 but in the same months of this year, they received only $1.5 billion.

Savings associations have done an excellent job. But in doing so they have perhaps given competitors impetus to intensify their tax campaign on Capitol Hill. I should like to cover one point on the very important subject of our tax status.

A few senators and congressmen feel that many taxpayers are not reporting dividends and interest credited to their acocunts. Meetings have been held with the Treasury on this subject involving not only the savings and loan

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Overloading the Donkey

By Emerson P. Schmidt,* Director, Economic Research Department, Chamber of Commerce of the United States, Washington, D. C.

The incongruity of prosperity and financial-monetary crisis is explored by well known business economist. He finds investors' preference for greenbacks in the form of stock dividends, in lieu of cash dividends, and queries from abroad about the treasury's plight and the dollars integrity, symptomatic of the heavy load business and individuals are being asked to bear. Dr. Schmidt pleads that we shelve less essential public and private spending and investment programs in order to avoid a potential serious crisis with national and international repercussions. The author proposes measures to restrain government over-spending and over-growth.

There is increasing talk of an impending financial and monetary crisis. Why, in the midst of prosperity, high employment and expansion, should we be headed for a financial or monetary crisis? What do we mean by this? What are its causes? How serious is it?

Dr. E. P. Schmidt

New lows in bond prices and new high yields reflect this uneasiness. The demand for loan funds is strong. United States Treasury deficits intensify the loan demand. The threat of bigger government budgets and deficits raises doubts about the future value of the dollar. Redemptions of savings bonds exceed new sales.

Interest rates have reached levels not known by this generation. Many banks are loaned up; due to the scarcity of loan funds and rising interest rates, housing starts are turning down. Some new or projected private and government bond issues have been withdrawn, delayed, or shelved.

Both government and private policies and actions are at the root of our troubles. Both need analysis. But we face no problem which is not capable of solution.

"Overloading the Donkey"

This crisis-talk rests partly on something we might call "overloading the donkey." This is a tendency which we have exhibited on several previous postwar occasions.

There has been talk of a flight from the dollar. Both our own people and foreign owners of American securities and deposits in our financial institutions have begun to wonder. Last year we lost between $2 and $3 billion worth of gold. The drain has continued. We are now faced, in our international accounts with *a dollar gap in reverse*. This is a matter of concern to the United States Treasury, the Federal Reserve System, and should be of concern to all of us.

Rising government spending and dubious fiscal and financial policies are only a part of the problem. While we have controlled inflation better than most (but not all) nations, by now foreign economies have been rebuilt, frequently with highly up-to-date equipment. They are able to penetrate our own markets at home and our foreign markets. A basic shift in our foreign trade patterns and position is taking place. This is a factor which contributes to the feelings of trouble ahead.

The Private Sector

Raising our tariffs or creating import quotas is not economic and is not the answer. Foreign nations would retaliate. What we must do is control our costs and, therefore, our prices.

The steel industry's apparent determination not to become a party to an inflationary wage settlement grew out of the realization of the foregoing. Wage escalation clauses and annual wage increases, including fringe benefits far in excess of productivity improvements, have put our economy under pressure.

The enormous pressure for government spending at all levels, resulting in higher taxes, means that these tax costs tend to find their way into the price and cost structure. Government borrowings compete with borrowings in the private sector.

Fiscal Responsibility

Last November, we were told, a fiscally irresponsible Congress had been elected. By February of this year, however, it was clear that the problems which now underlie our much-discussed impending monetary crisis would inevitably restrain somewhat the spending mood of Congress (see: *Economic Intelligence*, Chamber of Commerce of the United States, March, 1959).

If prosperity continues until next June, the Federal budget may be close to balance, with the possibility of a small deficit. Such a moderate deficit could be financed by absorbing money savings, which, nevertheless, would compete with other demands for loan funds. At least, we could avoid the resort to "printing press borrowing" or its equivalent, if the Treasury were not limited in its payment of interest on long-term bonds. The Treasury is confronted with the serious problem of refinancing about $80 billion in the next 12 months and raising some $7 billion of new money this fall. With problems of attrition—holders who now find better uses for their money or who fear inflation and want to get out of fixed debt instruments, preferring to purchase real estate or equities—the Treasury's problems are accentuated.

Furthermore, it should be emphasized that even a balanced budget hay have cost- and price-raising impacts; as governments spend more, the taxpayer may not reduce his spending by an amount equivalent to the tax increase, and this puts pressure on the economy. Thus, in a boom, we need to do more than balance the budget; we should overbalance it—generate a surplus.

Government is becoming a larger sector of the economy. In the 1930s and even in 1940, government expenditures constituted about 20% of our Gross National Product. Today, the figure is running almost 50% higher. Government expenditures now amount to about 30% of our GNP. Because of this huge size, the behavior of government has more and more leverage on our economy. We should expect, however, that as the economy grows, the legitimate functions of government will grow.

Dr. Colin Clark, a famous English economist, after extensive study of many countries, concluded that when once the government tax-take approaches 25% of the national income, inflationary forces take over: resistance to tax payments becomes stronger, the politician looks for easy ways out, tax loopholes tend to be multiplied.

While this precise figure of 25% has been disputed, there is good evidence that we have approached some kind of a ceiling in the tax-take. In fact, it is not at all certain that the national government, under the present tax rates and budget, can operate in the years ahead on the basis of a balanced budget. Yet, the resistance to new taxes and additional tax revenue is enormous. This was excellently illustrated by the hesitancy of Congress this summer to levy the necessary additional taxes for maintaining interstate highway construction, with serious reactions on these programs in the several states.

Taxes are now so heavy that an enormous premium is being put on tax avoidance if not tax evasion. Even though the personal income tax rates rise to 91%, total income tax liability in 1955 amounted to only 23.2% of total taxable income—only three points above what would have resulted from a flat proportional rate of 20%! (See: *Economic Intelligence*, September, 1959.) Every major business decision becomes a decision heavily governed by, and often distorted by, tax considerations.

In the long run, the corporation income tax (52%) probably is shifted for the most part. But the primary effect of this high corporation income tax is to raise the requisite pre-tax return required to justify such new investment. In a competitive economy, such an "inflated return" cannot be secured simply by marking up prices or establishing prices to cover the added tax costs. So how is the tax shifted? An adequate *after-tax* return is obtained only by waiting for investment projects to come along which do have a larger operating advantage. The effect of the high corporate tax is to shield existing facilities and investments during the period of deferment. The tax defers the eligibility of new business ventures. In short, this high tax rate reduces the effectiveness of competition and slows economic progress; and, in so doing, it reduces the tax base for corporations as well as for individuals — that is, by slowing down economic growth.

It has been demonstrated that the injurious effects of a shifted corporation tax, while related to the tax rate, are by no means proportional to it. Thus, a reduction of the rate by, say, 12 percentage points, from 52% to 40%, would yield more than two-thirds of the benefit to be obtained by abolishing the tax entirely. It is evident that we are in a critical territory with a high 52% tax rate.[1]

The sophisticated investor today does not ask what dividend a stock pays; rather, he asks, what are the earnings and what is the company doing with those earnings. He prefers not, as a rule, to receive cash dividends. He prefers stock dividends, and corporations have learned to print their own "greenbacks" in the form of stock dividends in lieu of cash dividends.

The foregoing is only symptomatic of what is going on under the heavy load our business and American people are being asked to bear. It can be fairly safely stated that, barring some international emergency, we have reached some point of taxation ceiling. Is there any hope of cutting down government spending?

Controlling Spending

The Budget and Economy Act of 1921 established an executive budget system in which the President is required to submit his financial program of revenue and expenditures to Congress annually; but the discretion of the President over the budget has been declining steadily. Now, over 80% of the budget is relatively uncontrollable by him. That is, it admits of little or no discretion by him. Major national security expenditures absorb some $45 billion, or roughly 60%, of the total. Carrying charges on the debt absorb about $8 billion, or over 10%, of the budget. Numerous laws of long standing provide for dozens of grants-in-aid to the states. A welter of other programs calls, by law, for continued, and usually rising, spending.

Sometimes it is argued that in the light of the international situation, we cannot expect to have low-cost government. But major national security expenditures have been largely stabilized since 1952 at a figure close to present level, somewhere between $40 and $45 billion.

Since 1954, while national security expenditures have remained roughly stable, in these five years expenditures *in all other major programs* have gone up anywhere from 17% to over 100%. Interest expenditures have risen by nearly 20%. Expenditures for veterans have gone up 22%; expenditures on natural resources at 30%; general government expenses by 35%; labor and welfare by 76%; international affairs by 114%; agriculture by 165%; and commerce and housing by 329%.

It has been demonstrated again and again that major government economies can be obtained primarily by the elimination of government programs. Yet, we eliminate almost none, and keep adding new ones.

To be sure, there is always room for doing what has to be done more efficiently, more competently, more economically, and save some tax dollars. Unless we are willing to come to grips with some of the basic causes of the growing expenditure programs and the invention of new programs, we will not solve this problem.

Senator Byrd recently stated in the past year, some 40 million Americans received payments from Uncle Sam. Some 25 million Americans get regular checks from the government today, including veterans, Federal workers, the armed forces, farmers, social security recipients, and others, or one adult in every five. Countless others receive occasional payments.

At the end of last year, Federal warehouses were giving out food to more than five million "needy persons." Food got into the warehouses in the first place because of Federal farm programs, which, while regimenting the farmer with acreage and other controls, priced our farm commodities out of the domestic and the world market in part, and caused them to be piled up in mountainous surpluses which costs us $1 billion a year just for storage and handling. Some two million persons live in government-subsidized public housing. Scores of cheap or subsidized lending and guaranteeing government programs provide such bargains that business, farmers and citizens, generally, have enormous appetites to feed at the public trough.

The Federal loan, investment, guarantee and insurance programs make a list covering five or six pages. These include a whole series of Small Business Administration-type loans, Department of Commerce, Treasury, Defense, Interior, Agriculture, Atomic Energy Commission and General Services Administration loans, Maritime Administration, Civil Aeronautics Board, Interstate Commerce Commission, Fish and Wildlife Service, Federal Intermediate Credit Land Banks and National Farm Loan Associations, Banks for Cooperatives, Rural Electrification Administration, Farmers Home Administration, Commodity Credit Corporation, etc. In the field of housing we have slum clearance and urban renewal projects, community facilities administration, public

Continued on page 28

This advertisement is neither an offer to sell nor a solicitation of an offer to buy any of these securities. The offering is made only by the Prospectus.

NEW ISSUE October 27, 1959

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Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The impending announcement by the Treasury (expected today, Oct. 29) as to how the Nov. 15 maturities of the 3⅝s and 3½s will be taken care of, has been and still is the important business in the money market. Because of the improvement in yields of Government securities, it is evident that the refunding operation of the Treasury will be carried out on a more favorable basis than would have been the case a week or so ago. The talk about reopening the 5s of 1964 seems to have gone the way of all flesh, with the 4¾% of 1964 now appearing the likely candidate for a reopening if there is to be such a thing in the coming refunding. It is believed that a one-year issue will be used to take care of the maturities held by the Federal Reserve Banks.

The offer by the Treasury to exchange Federal National Mortgage Association 4s for the non-marketable Treasury 2¾s of 1975-1980 does not appear to be attracting too much attention yet. However, the offer is open until Dec. 1.

Easier Credit Demand Outlook

The money and capital markets have been showing an improved tone because there is an enlarged demand for short-term, middle-term and long-term fixed income obligations. There are many conditioning factors in the situation a this time which are exerting an influence on the buyers of Government securities, among which is the uncertainty created by the long steel strike. It is evident that the demand for funds for inventory purposes has not been as large as would be normal at this season of the year if there had been no interruption in the steel industry. In addition, consumer credit expansion could be slowed by the steel strike and the Christmas trade may also be adversely affected by it. Accordingly, the credit stringency which seemed to have been in the cards for the latter part of the year is not likely to come about. Some money market experts believe there could even be a modest ease in the money market. As a result, a sizable amount of money is currently available for investment in short-term Government issues because these funds are being kept at work in the most liquid issues until they will be needed for the usual business purposes.

"Magic Fives" Help Other Issues

The intermediate-term Governments have been helped by the very favorable way in which the 5s due 1964 were received by investors. The demand for this note issue appears to have made small investors very conscious of the Government bond market. As a result, it is reported that the demand for the 4¾s of 1964, as well as certain of the middle-term maturities which are selling at sizable discounts, has been and still is developing. There are also indications that a not unimportant amount of money which had been earmarked for the purchase of equities is being put to work in the intermediate sector of the Government market.

Bank Selling Dwindling

The selling of discount Treasury obligations by commercial banks is still going on, but at a less vigorous pace than was the case a few weeks ago. There is not quite the same pressure now to get funds which can be loaned out at a higher rate, although the deposit institutions are still a long way from that point where they do not know what to do with their loanable funds. The restrictive money conditions are continuing to make credit hard to get, which means that interest rates will still be on the high side for some time to come.

There is no let-up in maturity switches as well as tax switches, but here are indications that it is not as easy as it used to be to get some of the issues which are being bought to replace the securities that are being sold. The market appears to be very thin on certain Government issues, especially those that are selling at a substantial discount. As a result of the recent betterment in the intermediate and long-term Treasury market, unless the supply is ample in the obligations which are being bought, the buying is being done before the tax loss or maturity switch issues are sold.

Long Treasuries Quiet

The long-term Governments are attracting only a very limited amount of attention even though state pension funds are buyers of these bonds from time to time. Also, the market for these securities is on the restricted side since the holders of these obligations are not prone to sell them and take losses that are not needed for other than tax purposes. In addition, the belief that some kind of an exchange offer may be forthcoming in the future from the Treasury as part of the so-called "long range refunding plan" makes the owners of the long-term discount Government bonds rather reluctant about selling them at these prices.

Businessman's BOOKSHELF

Agriculture and Recent Economic Conditions: Experience and Perspective — Federal Reserve Bank of San Francisco, San Francisco, Calif. (paper), 50 cents.

Australian Manufacturing Industry in the Next Decade—Manufacturing Industries Advisory Council, Sydney, Australia (paper).

Australian Market — Forty-page study including marketing section based on census of retail trade and a marketing map — J. Walter Thompson Company, 420 Lexington Avenue, New York 17, N. Y. (paper), on request.

Barge Canal & Water Resources: Should New York Give Up Control? — New York Citizens Committee for Preservation of State Water Resources, 100 State Street, Albany, N. Y. (paper).

Charting Steel's Progress: Graphic Facts Book on the Iron and Steel Industry—American Iron and Steel Institute, 150 East 42nd Street, New York 17, N. Y. (paper).

Commercial & Mutual Savings Banks—Report on Assets, Liabilities, and Capital Accounts—Federal Deposit Insurance Corp., Washington 25, D. C.

Committee on the Working of the Monetary System—Report presented to Parliament by the Chancellor of the Exchequer — British Information Services, 45 Rockefeller Plaza, New York 20, N. Y. (paper), $2.81 post-paid.

Comparative Study of Economic Growth and Structure: Suggestions on Research Objectives and Organization—National Bureau of Economic Research, 261 Madison Avenue, New York 16, N. Y. (paper), $3.

Corporate Earning Power and Market Valuation 1935-1955—Sidney Cottle and Tate Whitman—Duke University Press, College Station, Box 6697, Durham, N. C. (cloth), $12.50.

Electric Power Regulation in Latin America — David F. Cavers and James R. Nelson—The Johns Hopkins Press, $6.

Evaluation of Common Stocks — Arnold Bernhard — Simon & Schuster, 630 Fifth Avenue, New York 20, N. Y. (cloth), $3.95.

Evaluating Research and Development: The Segmental Approach—James Brian Quinn—Amos Tuck School of Business Administration, Dartmouth College, Hanover, N. H. (paper).

Facts on Railroad Bargaining—Report—Association of American Railroads, Transportation Bldg., Washington 6, D. C.

Introduction to Economic Reasoning — Marshall A. Robinson, Herbert C. Morton and James D. Calderwood—The Brookings Institution, 722 Jackson Place, Washington 6, D. C. (cloth), $3.

Investing For Banks — Major B. Einstein — First National Bank in St. Louis, 510 Locust Street, St. Louis 1, Mo. (paper), on request.

Irish Export Promotion Board — Annual Report — Irish Export Board, 33 East 50th Street, New York 22, N. Y. (paper).

National Association of Investment Companies—Annual Report—National Association of Investment Companies, 61 Broadway, New York 6, N. Y. (paper).

Personality of a Bank — Descriptive brochure on operations and services of a private bank — Brown Brothers Harriman & Co., 59 Wall Street, New York 5, N. Y.

Railroad Equipment Financing — Donald MacQueen Street—Columbia University Press, 2960 Broadway, New York 27, N. Y., $6.

Revolving Credits and/or Term Loan Agreements—Comprehensive Check List—The Hanover Bank, 70 Broadway, New York 15, N. Y.

Savings Banks Association of the State of New York, Annual Report — Savings Banks Association of the State of New York, 110 East 42nd Street, New York 17, N. Y. (paper).

Speculative Significance of the Inner Action of the Market—C. M. Flumiani—Institute for Economic and Financial Research, P. O. Box 124, Newton Center 59, Mass. (paper) $2.95.

Technical Change: The Attitudes of Steelworkers—Olive Banks—Liverpool University Press, 123 Grove Street, Liverpool 7, England, 21s.

Understanding Put and Call Options — How to Use Them to Reduce Risk in Your Stock Market Operations — Herbert Filer—Crown Publishers, Inc., 419 Park Avenue, South, New York 16, (cloth), $3.

Where the Steel Companies Stand: A Summary of the Steel Companies position and their Proposals to the Union during the 1959 Negotiations — The Steel Companies Coordinating Committee, 375 Lexington Avenue, New York 17, N. Y. (paper).

NSTA NOTES

NATIONAL SECURITY TRADERS ASSOCIATION

The following slate has been named for 1960 for the National Security Traders Association:

President Edward J. Kelly, Carl M. Loeb, Rhoades & Co., New York City.

First Vice-President: Joseph E. Smith, Newburger & Co., Philadelphia.

Edward J. Kelly

Joseph E. Smith

Charles A. Bodie

Earl Hagensieker

Homer J. Bateman

Second Vice-President: Charles A. Bodie, Stein Bros. & Boyce, Baltimore.

Secretary: Earl Hagensieker, Reinholdt & Gardner, St. Louis.

Treasurer: Homer J. Bateman, Pacific Northwest Company, Seattle.

Mr. Kelly will succeed Lester J. Thorsen of Glore, Forgan & Co., Chicago.

SECURITY TRADERS CLUB OF ST. LOUIS

The Security Traders Association of St. Louis has elected the following new officers who were installed at the annual meeting held Oct. 20.

John F. Matye

W. Jack Wichmann

Edward A. White

Kenneth D. Kerr

President: John F. Matye, Dempsey-Tegeler & Co.

First Vice-President: W. Jack Wichmann, Stifel, Nicolaus & Company, Incorporated.

Second Vice-President: Jackson P. Bayer, A. G. Edwards & Sons.

Third Vice-President: Edward A. White, White & Co.

Secretary: Charles Goodwin, Goldman, Sachs & Co.

Treasurer: Kenneth D. Kerr, Fusz-Schmelzle & Co., Inc.

INVESTMENT TRADERS ASSOCIATION OF PHILADELPHIA

The Seventh Annual Dinner Dance of the Investment Traders Association of Philadelphia will be held on Saturday evening, Nov. 14, 1959, at the Germantown Cricket Club.

With Robt. L. Smith

(Special to THE FINANCIAL CHRONICLE)

ST. PAUL, Minn.—Oscar S. Glover has become affiliated with Robert L. Smith & Co., Pioneer Building.

Now With Stowers

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — John J. Buterin has become connected with Stowers & Company, 4725 Wyandotte Street. He was formerly with E. F. Hutton & Co.

D'Orazi Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Mary R. Cain, Alex. S. Heller, Edmund Orrin and Forest L. Treanor have been added to the staff of D'Orazi Investment Company, 9 Sutter St.

Joins Inv. Service

COLORADO SPRINGS, Colo. — William G. Bunce has been added to the staff of Investment Service Co., 214 East Monument Street.

THE MARKET . . . AND YOU

BY WALLACE STREETE

Industrials were able to put several good gains together this week for the first time in a month. A flood of good earnings reports, a break in the steel strike and demand for the oils for the first time in many months all helped the cause along.

* * *

With a couple of exceptions, the steel companies, closed down since the middle of July, were in good enough shape to declare their usual dividends. That the strike was costly showed up starkly in the third quarter reports now reaching flood tide. But in general, results for the first two quarters were lush enough to offset the bad third quarter and the year-to-year comparisons are favorable.

* * *

Breaking of the solid industry front with Kaiser Steel and Detroit Steel signing up independently, was the first indication that even without a court-ordered return to work there was growing resistance even within the steel industry against the continued impasse.

Revived Interest in Oils

Oil earnings were chiefly responsible for the new attention that centered on the shares in this section. The figures indicated that all the talk of the oil companies having their own private depression had been a bit overdone.

* * *

There were concrete indications in quarterly reports up to here that the mutual funds have lightened up their oil holdings in previous months but whether or not this liquidation has come to an end wasn't as clear. The net result of all the neglect through last year and this one was that the oils still provided some of the better statistical bargains around, such as moderate price-earnings ratios and above-average yields. Improved earnings naturally pointed up the bargain status but the demand is still too new to indicate whether it is a definite change in investment attitude or merely a temporary flash.

Space Issues Roughed-Up

As has happened occasionally, the glamorous space age issues bumped into occasional trouble that gave some of them a rough time temporarily. While some gave ground easily under moderate selling, it was highly logical for some profit-taking to crop up after the way they had soared earlier this year even through times when the general market climate was stormy.

* * *

Purely on its market performance, Tung-Sol Electric was the more deflated item in the electronic group. It had had a runup and a reaction early this year which dropped it back to within several points of its year's low and nearly a dozen and a half points under the best price. Siegler had about the same reaction after its popularity ran out. Neither has been conspicuous on any rebound in the most recent play in electronics generally.

Papers in Rut

Paper shares were back in a quiet rut after some attention to them as a barometer of generally improving business had been nipped by concern over the steel strike's effect on the economy. The seemingly neglected one in this section in Sutherland Paper.

* * *

The shares of Sutherland have held in a narrow range of about a dozen points for the year. Even plans to merge with Kalamazoo Vegetable Parchment Co., which would nearly double the sales, failed to stir much in the shares. The merged operation will be renamed KVP Sutherland Co. The more obvious sign of neglect here is a yield of above 5%, well above the average return on the big name issues.

A "Many-Splendored" Issue

An oddity that offers neither dramatic earnings or yield, but has a vast potential, is Texas Pacific Land Trust. This old-time favorite has made a complete cycle. It suddenly emerged as a major oil company instead of primarily the holder of vast acreage in Texas starting in the Twenties. Then a handful of years ago it spun off its oil, gas and mineral rights into TXL Oil Corp. and reverted to its original status of a land trust.

* * *

Since then the shares of the land company have more than doubled, in part because the company reinstated an old policy of buying back its own shares when market prices were considered low. Since it was reconstituted as a land trust it has acquired 98,000 of its own shares, leaving slightly less than 1,300,000 outstanding. This is backed by 1,729,000 acres in Texas which give better than an acre of land behind each $23 share. With land prices rising, any sudden sale of an important part of its huge acreage could have a far-reaching impact on the market appraisal of the shares.

The Troubled Tobaccos

The issues that were beaten down repeatedly by health scares and have never shown any real ability to shake off their troubles marketwise are the tobacco shares where yields of 5 to 6% prevail. Nevertheless available statistics indicate that the companies have been able to promote new brands and increase consumption commendably over the years.

* * *

The exception was Lorillard which a couple of years back was something of a wonder-worker when its sales rose dramatically on a new and successful brand. It long since settled down to more mundane behavior and lately has been available at a 6% yield, and a price range of only a bit more than 10 points for all of this year. At present there seems to be another wave of new brands entering the market as new cigaret papers, tobaccos and filters have been developed which leaves the major problem of figuring out which maker will have the most success on this latest round of introductions.

Company With Nom de Plume

The company that has been forging to new highs is something of a misnomer, Universal Match. It is still the largest maker of book matches but is an important maker of coin handling devices, vending machines, components for missiles and other military items and is rumored on the point of acquiring several new companies to give it an even greater sales potential. These facets haven't had much market recognition and the issue only recently extended its 1959 swing to a range of as much as a dozen points, although for five years running it has reported new records in net income. One of its latest developments is a machine that can handle paper money up to $9, delivering the proper change and rejecting counterfeits, which the company says could add new dimensions to the vending machine business that was limited until now to automatic merchandising of only objects that cost a dollar or less.

* * *

About as difficult to classify is Rapid American Corp. which started out as Rapid Electrotype and was closely identified with printing before it added new interests and diversified. Now it makes greeting cards, gift wrapping, metal displays and runs a mail order business in jewelry—plus a majority interest in Butler Bros. Its dividend return is subnormal but appeal here is that the company has shown no signs of slowing down its expansion and diversification.

[The views expressed in this article do not necessarily at any time coincide with those of the "Chronicle." They are presented as those of the author only.]

FNMA to Exch. Mortgages for Government Bds.

Federal National Mortgage Assn. announces it will accept competitive bids for 4% G. I. mortgages held by it from bondholders making payments with specified U. S. Treasuries

Mortgages owned by the Federal National Mortgage Association may be acquired in exchange for certain government bonds, according to a joint announcement made today by the Treasury Department and FNMA.

Bondholders may make competitive offers to acquire 4% G. I. mortgages held by FNMA for the account of the government. Payment may be made with U. S. Treasury 2¾% bonds, Investment Series B, 1975-80.

According to FNMA President, J. Stanley Baughman, the amount of mortgages to be made available for the exchange will be $150 million or thereabouts. The mortgages were described as "well seasoned investments, having an unexpired national average term of about 15 years and an average unpaid principal balance of about $5,500."

By agreement between the Secretary of the Treasury and FNMA, the Treasury Department will redeem the bonds for FNMA and will credit the proceeds against amounts FNMA borrowed from the Treasury to purchase the same mortgages.

All offers to exchange will be made and considered on a competitive basis only, under a standardized procedure. A letter of notification from the Secretary of the Treasury enclosing a copy of FNMA's brochure has been mailed by the Treasury Department to each bondholder. All offers must be received by 2 p. m., Dec. 1, 1959.

The necessary forms, as well as additional copies of the FNMA brochure that explains the standardized exchange procedure, may be obtained from any FNMA office. The offices of the FNMA Agencies are located at Philadelphia, Atlanta, Chicago, Dallas, and Los Angeles. There is also a sales office in New York City.

Ross Chman. of Renyx, Field Co.

Samuel L. Ross has been elected Chairman of the board of Renyx, Field & Co., Inc., 250 Park Ave., New York City, it was announced by William G. Damroth, President of Templeton, Damroth Corporation, of which Renyx, Field is a subsidiary.

Samuel L. Ross

Mr. Ross, President of Renyx, Field since last Dec. 1, succeeds George M. Field as Chairman. He is also President and a director of American Trusteed Funds, Inc.; a trustee of Lexington Trust Fund, and Vice-President and a director of Corporate Leaders of America, Inc., and Lexington Funds, Inc.

A member of the Renyx, Field organization since 1945, Mr. Ross became regional sales manager for the New York metropolitan area in 1947 and Chairman of the Executive Committee in 1955.

For 20 years prior to his Renyx, Field association, Mr. Ross was with National Broadcasting Company, serving as the network's first program manager.

Renyx, Field is a retail organization dealing in all mutual funds, including Nucleonics, Chemistry & Electronics Shares, Inc.; Corporate Leaders Trust Fund, and Lexington Trust and Venture Funds.

This is not an offer of these securities for sale. The offer is made only by the Prospectus.

212,490 Shares

Ennis Business Forms, Inc.

(Formerly Ennis Tag & Salesbook Company)

Common Stock

(Par Value $2.50 per Share)

Price $16.25 per Share

Copies of the Prospectus may be obtained in any State in which this announcement is circulated from only such of the underwriters, including the undersigned, as may lawfully offer these securities in such State.

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Smith, Barney & Co. **White, Weld & Co.** Incorporated **Dean Witter & Co.**

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Equitable Securities Corporation **Shields & Company**

October 22, 1959

Some Current Issues In Savings Banking

Continued from page 5

siphoning funds out of New York State as a result of their out-of-state mortgage lending. Now, this is perhaps like bringing coals to Newcastle, but just to prove that perhaps even a Superintendent of Banks can be enlightened, I should like to state that careful analysis and study of this matter reveals that such a charge completely disregards a number of significant facts.

Replies to Mortgage Financing Complaints

For one thing, the state legislature specifically granted this power to our savings banks to enable them to make VA and FHA mortgage loans throughout the country. New York State, and in fact the entire northeast, as a capital surplus area, has traditionally invested its excess funds in the rest of the nation. This, in fact, has been one of the component factors making New York City the financial center of the country, if not of the world. To take a narrow, provincial attitude regarding the making of such loans in view of the valued role played by our New York State financial institutions, including commercial banks, in the growth of this country seems to be most inappropriate. We also know that out-of-state investments permit diversification of investment portfolios, in the absence of which savings institutions might be put in the position of seeking less sound mortgage loans within New York State. Further, higher earnings from out-of-state investments by all types of financial institutions often mean greater dividends to depositors in New York, thereby serving to encourage savings in our financial institutions. And in passing let me state that I do not believe the people of this state are second-class citizens who deserve a lower dividend rate. On the contrary, I believe that the people of this state deserve the highest possible return on their savings commensurate with safe and sound banking practices and the avoidence of harmful and destructive competition. I should also add that despite anything anyone may or can do, the people of this state and every other state will demand and will receive a fair rate of return on invested capital and on deposits as long as our economy embodies the spirit of free enterprise. And finally, we must take cognizance of the fact that savings banks have done more in the way of making mortgage loans on properties in New York State than all other financial institutions in the state put together.

Yet, at one of the meetings, it was stated that 22 savings banks in New York City were, at the present time, making no local VA and FHA mortgages under any conditions, although they were at the same time making VA and FHA mortgages to the residents of other states. Another 16 savings banks were said to make local VA and FHA mortgages only to long-time depositors, although at the same time they were accepting out-of-state mortgages irrespective of whether such out-of-state borrowers had deposits with these banks. And finally, it was stated that only four savings banks contacted in New York City actually did make any local VA or FHA loans, but that even these banks insisted on high down payments, while at the same time they were making no-down-payment loans out-of-state.

Because of the significant underlying issue involved as to whether local mortgage demands are in fact being met, I asked the research people in my department to analyze this evidence in order to determine its validity.

You may be interested in certain of the things I learned about these figures. For example, I understand that our research division found that when different replies were received on different calls to the same savings bank, the institutions were classified according to their least favorable reaction to the loan request. In addition, several banks classified as making no VA or FHA mortgage loans are institutions which do not make such loans either in New York State or out-of-state, since they specialize in conventional loans, almost all of which are on New York properties. Also, the requests made of the savings banks for mortgage loans referred, for some odd reason, to Long Island properties only. Hence, it was assumed that savings banks not willing to lend on such properties would automatically not be willing to lend on properties anywhere else in New York State. Furthermore, some banks make in-state FHA but not in-state VA loans or vice versa, although the data had been presented so as to leave the impression that such banks make neither VA or FHA loans on New York State properties. There are undoubtedly other shortcomings, but I don't want to belabor this point, as it was, when originally presented.

Also of great interest to me was the fact that only 42 out of 52 New York City savings banks were included in this survey. Well, one might ask, were the other 10 savings banks omitted on some sort of a random basis? Hardly. These 10 savings banks held one-third of the FHA and VA mortgage portfolio held by *all* New York City savings banks on properties *within* this state. These 10 banks themselves had $900 million of FHA and VA loans outstanding on properties within the state. In the first half of 1959, five out of 10 of these banks placed more than 90% of their *new* FHA and VA loans on properties within New York State; the remaining five banks ranged from 76% to zero per cent for one of the smaller savings banks in the City.

I know that in the past, savings bankers have forcefully replied to criticisms regarding their mortgage lending policies. All too frequently, however, the rebuttal never quite catches up with the original accusations. As a result, all of the good work done in the local area and elsewhere in this state may tend to be forgotten. The vast number of homes financed in New York State by saving banks' more than $11 billion of local mortgage loans made during the postwar period recedes into the background. This is much the same as the story the late Senator Barkley told of his disgruntled constituent who, after having been reminded of everything the Senator had done for him in the past, said, "Yes, but what have you done for me *lately?"*

I know that even lately, many have been most active in local mortgage markets. But the fact remains that perhaps *some* prospective local borrowers are being turned away as a matter of bank policy without any further investigation, while others are considered for such loans only if they are depositors.

Unless something is done to correct this, your critics will always be able to charge that while professing to seek broader branch powers in order to better serve the needs of the depositing public of this state, some savings bankers at the same time adopt a standing policy on local VA and FHA mortgage lending which does not serve the best interests of the borrowing public of this state.

Avoiding Charges

How can this be avoided? I would like to suggest two possibilities for your consideration. For example, might it not be desirable to set up some sort of central clearing exchange to which information on such loan requests can be channeled, thereby bringing it immediately to the attention of other savings banks which may be in a position to grant such loans? Alternatively, might it not be desirable to set aside some investible funds, either as individual institutions or jointly on a pooled basis through your Association or other central organization, in order to take care of those local requests for mortgage loans which are perhaps now being turned away?

Let me stress again that the record of financing the tremendous amount of residential construction in this state is one to be proud of. If I seem to be focusing attention on a relatively small part of the over-all picture, it is not because I have overlooked the positive achievements of our savings banks. It is rather because this is the area in which such institutions have come in for an inordinate amount of criticism. It is a type of ill-advised criticism which tends to minimize your most significant contribution to the economy and welfare of the State of New York by extending credit for local housing purposes, a contribution for which many of the residents of the state cannot help but be grateful. And it is a criticism which, I believe, can and should be averted by positive policies.

Savings Bank Mergers

I would now like to turn my attention to another subject which I know is of interest to some, namely, savings bank mergers. So far, mergers and merger proposals involving savings banks have not been very numerous or widespread. Since 1949, there have been three such mergers approved by the Banking Department. This year, there was one merger application submitted, which was subsequently withdrawn.

As a result of the infrequency of merger applications, we have not had an opportunity adequately to enunciate our policy with respect to savings bank mergers, and this may be an appropriate opportunity to state the general views of this Department. The Banking Law at present provides no clear-cut criteria for the Superintendent to follow in passing upon merger applications. Virtually the only appropriate statutory standards are to be found in Section 10 of the Banking Law, requiring that the Department shall supervise and regulate banking organizations in such a way as to eliminate unsound and destructive competition, and to protect the public interest and the interests of depositors and stockholders.

The mandate to eliminate unsound and destructive competition has rarely been relevant to mergers since the banking difficulties of the early 1930's. Therefore, we have had to rely on the other criteria. Since mutual savings banks have no stockholders, we are left with the necessity to protect the interests of the public and of the depositors.

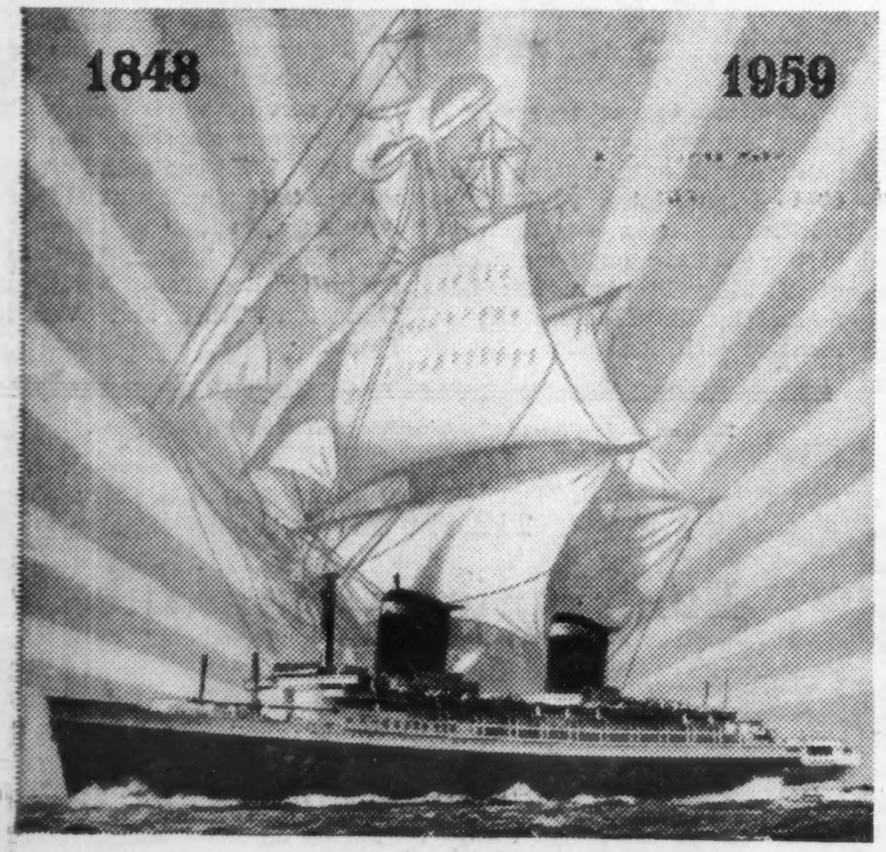
We believe that the interests of the public in general as well as of savings bank depositors are in maintaining a sound, stable and competitive banking structure. This requires a system of savings banks which are well-managed, which properly serve the credit needs of the public, which pay the maximum dividends consistent with maintaining adequate surplus, and which by the soundness of their operations contribute to over-all stability and confidence in our financial institutions.

Since these are the objectives towards which we are striving, we feel that it is incumbent upon the savings banks to indicate by affirmative and demonstrable evidence to the Banking Department in what ways the proposed merger would enhance and further the interests of the public and of depositors. Only if substantial benefits to the public or to depositors were to be expected from the merger would I, as Superintendent, feel that approval was warranted, and the burden of proof falls upon the applying banks in this regard. In addition, with savings banks being semi-public institutions, I believe it is my duty as Superintendent to make an even more exhaustive and stringent analysis of the terms of a proposed merger than in the case of stock corporations.

More specifically, you might ask, what are some of the major factors that would have to be analyzed before the Department would be in a position to determine whether there are sufficient affirmative benefits to be derived from any proposed merger? There is of course no single factor which by itself would be decisive in all cases. However, there are a number of important elements which would of necessity have to be considered. For example, we are interested in the capital position of our institutions and in maintaining and strengthening the adequacy of their surplus, which serves as a cushion of safety for the depositors' funds. We would therefore consider the capital strength of the two banks individually and what the effects of a proposed merger would be upon their surplus position. Naturally, only if there were a very substantial strengthening of surplus of one of the banks due to the merger would this be an important factor warranting approval of such a merger.

Closely tied in with the question of the adequacy of surplus is whether the bank resulting from the proposed merger would be in a much better position than either or both of the merging institutions to compete effectively with other savings institutions, particularly in ability to pay to depositors the current dividend rate on savings. As I have said elsewhere, the recent imposition of the dividend ceiling on savings bank deposits was not intended to eliminate competition between savings banks. It was rather intended to restrain that competition within bounds which we felt to be reasonable. Within these limitations, we are most concerned over the ability of our savings banks to compete effectively. It should be stressed however that only if the proposed merger would clearly and substantially strengthen the banks' competitive status would we look favorably upon such a merger proposal. This obviously would not apply to mergers between banks which are already strong institutions with good earnings records. We would not wish to see strong, sound savings banks disappear by the merger route, nor do we see that any advance to the public or to depositors would result from such mergers.

The primary reason behind this philosophy is that there have been no new savings banks chartered in the state for the past 30 years for the obvious reason that the contribution of incorporators or trustees to the surplus fund will be repaid only over a long period and, of course, there are many other more profitable avenues of investment. In passing, I should like to add that our Department has been considering ways and means of fostering the formation of savings banks, and it is hoped that in the near future we will



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have some constructive suggestions to offer.

Diverse Cost Experience

There is yet another aspect related to the competitive strength of our savings banks that deserves some careful thought by all of us. Prior to my decision to request the Banking Board to reimpose rate ceilings, my Department made careful studies of the earnings, expenses and capital positions of our institutions. We found that in general, based on over-all averages, the smaller institutions generally had a lower net operating income than the larger banks due mainly to higher expense ratios. However, we also discovered that there was widespread diversity in operating performance among savings banks of varying size. In fact, there were a number of cases where comparatively small institutions were able to outperform savings banks several times their size. Even among the larger banks, we found that greater size did not necessarily ensure a better earnings and expense record.

This points to the need in some cases for management to strive even harder than they are now doing, to keep expenses down. If they proceed to take whatever steps may be necessary to achieve this objective, they may in this way find the solution to some of their competitive problems. We therefore cannot in all cases accept, without making our own independent analysis, the claim that merger may be the only way to achieve needed economy. I wish to stress this point just as strongly as I can since this is a particularly important consideration. In short, only if we are convinced that merger is in fact the only possible solution would we be willing to favorably act upon such a merger proposal.

Finally, the importance of maintaining a competitive banking structure and the avoidance of any significant reduction in competition due to merger probably requires no elaboration. Every merger proposal would of course be carefully scrutinized with this objective in mind.

These then are some of the major criteria which we would use in appraising whether a merger would further the best interests of the public and the depositor.

Meeting Increasing Competition

Before concluding, I would like to say a few words about another aspect of the competitive problems faced by savings banks. Many will recall that at the time the Banking Board imposed its ceiling, it stated it would review its decision at each subsequent meeting in order to ensure that the regulation continues to be reasonable and accurately reflects current conditions. We all know that circumstances change, sometimes quite dramatically. I doubt that I need call the attention to the "fabulous fives," the journalistic reference to the tremendously successful 5% note issue by the U. S. Treasury. One newspaper reported that one bank officer remarked that there were so many depositors on the bank floor drawing out deposits that for a moment he thought there was a run on the bank.

While this may be slightly exaggerated, some have made known to me upon occasion and, of course, always by utilizing the "soft-sell" approach, that they have been feeling the effects of the stepped-up pace of competition from many different sources for the savers' dollars. Such competition has come from numerous directions, including the competition provided by this new Treasury issue, by the more attractive rates on government savings bonds, by the stock market and by other types of savings institutions.

The Banking Department of course has not been unaware of these developments. We are endeavoring to see what might be done in order to help improve the over-all competitive position of savings banks. We have not yet come to any definite conclusions as to what actions might be desirable. However, we are studying methods of encouraging longer term savings funds, thereby contributing to the stability of your deposit structure.

For example, we are considering the advisability of permitting the issuance of savings certificates of five year maturities, under the terms of which the depositor would receive a dividend rate higher than the basic rate paid on savings accounts. Should the depositor wish to withdrew his funds before the five years were up, he would be free to do this, but in such an event, his savings would in effect earn only the basic dividend rate over the period of time the funds actually remained in the bank, rather than the additional premium rate. Another possibility is a 90-day notice time deposit arrangement, under proper rules and regulations, with a higher dividend rate.

From the Banking Department's standpoint, I must stress that it is always necessary for us to balance a number of different objectives which may, to some extent, be in conflict with each other. We certainly wish to help all the institutions under our supervision to strengthen their competitive position in the contest for the savers' dollar. However, we believe that this can only properly be done if at the same time our savings banks take whatever steps are necessary to maintain and where necessary, even to strengthen their capital position. I have in mind not only the statutory additions which must be made to surplus, but also those which should be made in order to margin expected future deposit growth. Only if these objectives can be attained would we look with favor upon the adoption of such a plan by any particular institution.

Another issue to which we are giving some consideration is a proposal by certain savings bankers relating to the liquidity of savings banks. Now is the time that we should devise and perfect the best possible mechanism which would afford the highest degree of liquidity to savings banks when the need arises, just as commercial banks in times of need may turn to the Federal Reserve, or savings and loan associations to the Federal Home Loan Banks.

In order to ensure that such needed liquidity can be achieved when required, it is desirable and even essential to explore the feasibility of creating some central agency or enlarging and assisting an existing facility in order to permit savings banks to borrow against their mortgage portfolio. Here again, many of the details need to be developed before any final decision can be reached, but we do believe that it is an idea that warrants very careful consideration.

Nevertheless, whether it is by any of the suggestions I have outlined or any variation of them, savings bankers may rest assured that we are constantly alert to the problems of our institutions and are constantly seeking ways to protect and improve their competitive position.

I am certain many are aware of the positive and dynamic program of Governor Rockefeller to stimulate the growth of business and industry in this state for the benefit of the people of this state. The savings bankers of New York State can make an immeasurable contribution to this program if they continue to maintain and strive to better their high standards of conduct, the efficiency of their operations and their outstanding service to the public at a reasonable cost.

*Address by Mr. Clark before the Savings Bank Association of the State of New York, aboard the S.S. Nieuw Amsterdam, Oct. 17, 1959.

Edwards & Hanly Meeting

HUNTINGTON, N. Y.—Edwards & Hanly, members New York Stock Exchange, will hold an investors information meeting in the new Huntington office, 425 New York Avenue, on Wednesday, Nov. 4 at 8:30 p.m., as part of the free Community Service Program.

The meeting will be conducted by Robert W. Terry, Partner, Research Department, Stephen T. Monahan and Peter W. Hanly, Resident Managers. Information of assistance in evaluating present holdings and possible future investments will be the basis of the discussion. A question and answer period will follow.

This meeting is open to the public.

To Form Arden-Gitterman

On Nov. 2 Henry Arden and Joseph L. Gitterman, Jr., both members of the New York Stock Exchange, will form the partnership of Arden & Gitterman, with offices at 40 Wall Street, New York City. Both have been active as individual floor brokers.

Los Angeles School Bonds Marketed

A Bank of America N.T. & S.A. underwriting syndicate on Oct. 27 merged with a Chase Manhattan Bank syndicate to purchase the $21,150,000 bond issue of the Los Angeles County Flood Control District. The merged syndicate included The First National City Bank of New York and Bankers Trust Company.

The Bank of America-Chase Manhattan Bank group paid a premium of $117,739 for the straight 3¾% bonds, a dollar bid of 100.557, or a net interest cost to the district of approximately 3.70%. The bonds were reoffered to investors to yield from 2.90%, out to a dollar price of par, according to maturity May 1, 1961-1983.

Proceeds of the bond sale will be used for various flood control purposes. The Los Angeles County Flood Control District includes 99% of the assessed valuation of Los Angeles County, the largest urban area in the west. About 40% of the assessed valuation is in the City of Los Angeles and about 82% is in incorporated cities.

Bank of America N.T. & S.A. and the underwriting accounts it manages have bought more than $656 million of California state and municipal bonds in the past 12 months. The bank and its underwriting syndicates, through a policy of bidding on virtually all California municipal bond issues, provide an assured source of funds for civic improvements and public projects required by the state's growing economy.

Weller Company Opens in LA

LOS ANGELES, Calif.—The Weller Company is conducting a securities business from offices at 634 South Spring Street. Officers are Stevens Weller, President; John S. Weller, Vice-President, Treasurer and Assistant Secretary; and Stevens Weller, Jr., Secretary. Stevens Weller was formerly Vice-President of Wagenseller & Durst, Inc. with which John S. Weller was also associated.

Forms Freeman Co.

BROOKLINE, Mass.—Wolfred Freeman is engaging in a securities business from offices at 51 Addington Road under the firm name of Freeman & Company.

Named Secretary

WASHINGTON, D. C.—O'Connor & Sons Inc., 1625 Eye St., Northwest, has appointed Ralph C. Davis Secretary of the firm.

Organized and wholly owned by the Mutual Savings Banks of New York State, SAVINGS BANKS TRUST COMPANY *is the savings banks' bank, serving them and their agencies exclusively as depositary, correspondent, investment consultant and trustee; also as a research body and clearing house for information on matters of interest to the Savings Banks Association and its members.*

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FNMA Notes Being Presently Offered

The Federal National Mortgage Association on Oct. 27 publicly offered a $200,000,000 issue of six-month Secondary Market Operations debentures.

According to FNMA President J. Stanley Baughman the issue to be dated Nov. 10, 1959, will mature on May 10, 1960, and will bear a 5⅛% interest rate. The debentures will be issued in denominations of $5,000, $10,000, $50,000 and $100,000.

The offering is being made through FNMA's fiscal agent, John H. Claiborne, Jr., 149 Broadway, New York, assisted by a nation-wide selling group of recognized security dealers.

Net proceeds will be used to redeem $150,000,000 of three-month, 3.70% debentures, dated Aug. 10, 1959, that will mature on Nov. 10, 1959, and to repay borrowings from the U. S. Treasury used for the Secondary Market Operations. The maturing debentures may be redeemed at any Federal Reserve Bank or branch.

Fed. Home Banks Offer Note Issue

An offering of $240,000,000 Federal Home Loan Banks 5⅛% non-callable consolidated notes dated Nov. 16, 1959 and due May 16, 1960 was made on Oct. 28 by the Federal Home Loan Board through Everett Smith, Fiscal Agent of the Banks, and a group of securities dealers. The notes are priced at 100%.

Net proceeds from sale of the notes will provide additional funds to member institutions of the Home Loan Bank System to meet the demand for mortgage money.

Outstanding indebtedness of the Home Loan Banks will total $1,776,280,000 upon issuance of the notes.

Forms Inv. Co. of Md.

BALTIMORE, Md.—Arthur Lippmann is conducting a securities business from offices at 225 East Redwood Street under the firm name of Investment Securities Company of Maryland. He was formerly with Maryland Securities Co., Inc.

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Quarterly Earnings Comparison

NEW YORK CITY BANKS

Bulletin on Request

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BANK AND INSURANCE STOCKS

BY ARTHUR B. WALLACE

This Week — Bank Stocks

At this quarter-date we are down to 11 leading banks among those in New York City. Recent mergers that have reduced our list are: Chase and Bank of Manhattan; Chemical and Corn Exchange and New York Trust; City and First National of New York; Morgan and Guaranty. This roster, of course, omits smaller acquisitions by the large New York banks. Whether or not this trend will continue is anybody's guess. So much opposition now develops when important mergers are announced that there may well be some doubt about others being effected.

Indeed, the newspaper accounts of the recent Chemical Corn Exchange-New York Trust consolidation were tinged with suggestions that the Department of Justice be given greater latitude in merger cases, such as to permit it at least to make the going more difficult, if not to give it a veto power on the ground that the concentration of power violates the Clayton or the Sherman anti-trust laws.

Actually, the recent mergers did not make for less competition, but rather for more. Today we have four banks whose deposit size exceeds $3 billion, and two others which report deposits of over $2½ billion. They are bunched so far as going after the economy's largest borrowers is concerned. It will be recalled that a bank's lending power is based on its capital and surplus (some banks capital, surplus and undivided profits).

Furthermore, at no time have we seen such keen competition among the banks in their bids for small accounts. This covers small checking accounts, small loan accounts, credit-card arrangements with all manner of nuances, etc. With a single exception, the six largest New York City banks are going after these small "retail" accounts in as aggressive a manner as should satisfy the quarters that are so vociferous over the question of competition. Indeed, the bank officials will tell us that there never was a time when competition for business, large or small, was as keen as it is today.

At the September 30 quarter-date the 12 months' operating earnings figures were, in all cases excepting one, better than those of a year earlier, and they gave us every justification for expecting a very profitable calendar year on earnings. The one exception is Bank of New York, and its showing was distorted because of the increased number of shares outstanding in the 1959 period compared with the 1958 12 months through the rights issue.

There is not too broad a realization among investors that bank earnings have been at as good an improving rate as has been the case. To bring out the improvement over the recent six years, let us see what earnings have done for the two 12 months' periods ended with Sept. 30, 1954, and the like period through Sept. 30, 1959.

	Operating Earnings 12 Months to Sept. 30	
	1954	1959
Bankers Trust	$16,926,000	$25,429,000
Bank of New York	2,614,000	4,682,000
Chase Manhattan	39,360,000	60,305,000
Chemical New York	28,014,000	38,060,000
Empire Trust	1,270,000	2,213,000
First National City	39,800,000	65,640,000
Hanover Bank	10,290,000	15,000,000
Irving Trust	8,850,000	14,566,000
Manufacturers Trust	14,663,000	22,877,000
Morgan Guaranty	26,683,000	41,168,000
United States Trust	2,005,000	2,915,000

Where there were mergers involving the above banks the data for the earlier period are on a pro forma basis, reflecting the mergers. The totals, in rounded figures were $192,776,000 for the earlier twelve months; $292,454,000 for that closing on Sept. 30 this year, for an increase of nearly 52%, an outstanding showing.

Now turning to the current showing, the following are operating earnings for the 1959 third quarter and the 12 months ended Sept. 30, 1959, both periods compared with a year earlier.

Operating Earnings

	Third Quarter		12 Months to Sept. 30	
	1958	1959	1958	1959
Bankers Trust	$1.22	$1.71	$5.59	$6.31
§Bank of New York	4.11	4.72	19.79	17.34
**Chase Manhattan	1.01	1.25	4.31	4.58
‡Chemical New York	0.96	1.18	3.59	4.49
¶Empire Trust	3.42	5.21	16.18	19.67
†First National City	1.14	1.44	4.56	5.47
Hanover Bank	0.83	1.00	3.58	3.75
*Irving Trust	0.63	0.73	2.62	2.80
Manufacturers	0.94	1.17	4.02	4.54
‡Morgan Guaranty	1.15	1.51	5.25	5.46
United States Trust	1.08	1.20	5.50	5.83

† Includes First National City Trust Co.

‡Pro forma, reflecting the merger of Chemical and New York Trust, and J. P. Morgan & Co., Inc., and Guaranty.

*Earlier data adjusted to reflect 2% stock dividend.

¶Earlier data adjusted to reflect 4% stock dividend.

§Earnings for the two periods not comparable, because of capital change via rights.

**Data does not include Clinton Trust Co. prior to merger in 1959.

Thomas Mann Co. Formed

Thomas W. Mann and Co., Inc. is engaging in a securities business from offices at 2 Broadway, New York City. Thomas W. Mann, President and Treasurer of the firm, in the past was with Frederick L. Free & Co.

M. D. Truesdale

Melville D. Truesdale passed away Oct. 20 at the age of 68 following a long illness. Mr. Truesdale prior to his retirement, had been a stock broker and at one time was Assistant Vice-President of the Central Hanover Bank & Trust Company.

American Labor Leaders Have a Great Responsibility

By Roger W. Babson

Our labor leaders are warned of the heavy responsibilities they bear if their reaction to unemployment fears stemming from increased trade is a drive for higher tariffs instead of adopting measures to keep American labor from "pricing itself" out of its markets. Mr. Babson fears, for example, that the former course would force Germany to trade and, thus, help build up Red China to our detriment.

Although I am writing this in Berlin, one should not judge Germany by Berlin since it is an independent and separate community of its own. Not only is it divided between different nations, but it is entirely surrounded by Russian-controlled territory. It is a free economic island floating in a "sea" of Communism —nothing like it anywhere else in the world. Now for an answer to the question frequently asked me: Is the United States facing serious unemployment?

Roger W. Babson

Every Country Has Labor Unions

Even Germany has its labor unions, but practically no strikes. The union leaders and employers unite to make better goods to sell at lower prices. Hence, they are more industrious and more productive, due to longer hours and a lower cost of living. There is very little instalment buying in Germany.

American labor will try to keep German products out of our country by getting Congress to raise our tariffs. This would not only increase the cost of living in the United States, but might cause Germany to "gang up" with Russia, Japan, and China in an economic war. Germany may have another "Hitler" who could be an "economic Hitler," — just as powerful and ruthless as Adolf was in a military way.

Better Watch China

Germany is now making machinery and other products to export to us in the United States. If, however, we raise of tariffs so that she cannot export to us, Germany will export machinery to other nations—especially China. I have been to China and can visualize what could happen to us if these 400,000,000 workers should be sold tractors to farm with and machines with which to make textiles, steel, and other materials needed for exporting goods to compete with us. This is probably also true as to Russia, which I visit this week.

The above means that American labor leaders have a great responsibility. They could easily bring about much unemployment in the United States from which their membership, as well as their employers and all consumers, might greatly suffer. U. S. labor is now "pricing itself" out of its market and our labor leaders could bring about a national depression of very serious consequences.

What I Learn About Germany

Germany may not yet have given up its ambition to be the leading power of Europe. The Germans believe that France and England have reached their peaks due to their desire for ease and so-called security. Italy is constantly being undermined by Communists influences. The three Scandinavian countries I have heretofore commented upon. I now forecast that Germany will be one of the world's greatest powers, on a par with the United States and Russia.

This coud easily occur if Germany and China should work together, Germany supplying the "know-how" and machines while China supplied the raw materials and cheap but efficient labor. The two combined could crush either Russia or the U. S. in an economic war of unparalleled intensity that could bring our prosperity to a sudden end, with a stock market and real estate crash. If this happens, the blame will be laid on the doorsteps of certain selfish labor leaders.

What About East Berlin?

Anyone studying the map of Europe will see that Mr. K. has some sense in desiring to solve the present crazy situation caused by dividing the great City of Ber-

REPORT OF CONDITION OF

Underwriters Trust Company

of 50 Broadway, New York, New York, at the close of business on October 6, 1959, published in accordance with a call made by the Superintendent of Banks pursuant to the provisions of the Banking Law of the State of New York.

ASSETS	
Cash, balances with other banks and trust companies, including reserve balances, and cash items in process of collection	$6,828,238.21
United States Government obligations, direct and guaranteed	21,301,846.46
Obligations of States and political subdivisions	2,435,559.03
Other bonds, notes, and debentures	481,977.01
Loans and discounts (including $2,420.08 overdrafts)	20,240,809.72
Banking premises owned, none; furniture and fixtures	261,910.88
Real estate owned other than banking premises	180,468.86
Other assets	216,654.02
TOTAL ASSETS	$51,947,464.19
LIABILITIES	
Demand deposits of individuals, partnerships, and corporations	$21,868,919.16
Time deposits of individuals, partnerships, and corporations	4,323,144.26
Deposits of United States Government	1,293,820.62
Deposits of States and political subdivisions	19,190,069.03
Deposits of banks and trust companies	675,297.47
Other deposits (certified and officers' checks, etc.)	597,287.63
TOTAL DEPOSITS	$47,948,538.17
Other liabilities	291,722.40
TOTAL LIABILITIES	$48,240,260.57
CAPITAL ACCOUNTS	
Capital †	$1,000,000.00
Surplus fund	1,000,000.00
Undivided profits	1,705,883.62
Reserves	1,320.00
TOTAL CAPITAL ACCOUNTS	$3,707,203.62
TOTAL LIABILITIES AND CAPITAL ACCOUNTS	$51,947,464.19

†This bank's capital consists of common stock with total par value of $1,000,000.00.

MEMORANDA	
Assets pledged or assigned to secure liabilities and for other purposes	$12,476,608.13
Loans as shown above are after deduction of reserves of	199,571.58
Securities as shown above are after deduction of reserves of	160,041.73

I, KENNETH W. LANDFARE, Treasurer of the above-named institution, hereby certify that the above statement is true to the best of my knowledge and belief.

KENNETH W. LANDFARE.

Correct—Attest:

CHRISTIAN W. KORELL, SUMNER FORD, JOSEPH B. V. TAMNEY — Directors

lin between the Russians and the Allies. With Berlin in the center of East Germany, which was given to Russia, a person cannot now enter or leave Berlin except by permission of Russia or by airplane. As I had not time to get a visa for East Germany, I was obliged to go from Copenhagen westward to Hamburg (one of West Germany's largest cities) and fly from there into Berlin.

What the solution will be no one now knows, but the people of Berlin believe it will be settled in some satisfactory manner without any ultimatums or resort to war. World War III may come sometime, but not so long as Mr. K. is Premier. He knows that if World War III were started now not only would the U. S., Great Britain, Germany, and all the allies be against him, but also China, which he fears most of all.

To summarize this column, let me say that I worry more at this point about our United States labor leaders than I do about Mr. K.

Northern Natural Gas Company Debs. Offered

Blyth & Co., Inc. and associates on Oct. 28 offered an issue of $25,000,000 of Northern Natural Gas Company 5⅛% sinking fund debentures, due Nov. 1, 1979, at a price of 100%.

The debentures are not redeemable prior to Nov. 1, 1964 at a lower interest cost to the company. Otherwise, they are redeemable at the option of the company at a redemption price ranging from 105⅛%. A sinking fund is calculated to retire 84% of the debentures prior to maturity.

Net proceeds from the sale of the new debentures, together with other funds including the proceeds of a recent sale of preferred stock, will be used to complete payment of the company's 1959 construction program, the repayment of bank loans incurred for construction, the purchase of securities to be issued by subsidiary companies for their costs of construction, and for other corporate purposes. Construction expenditures of the company and subsidiaries in 1959 are estimated to require $60,400,000 cash and the use of $17,800,000 of material and equipment already paid for.

Northern Natural Gas Co., directly and through subsidiaries, owns, operates and maintains a pipeline system of approximately 11,967 miles of main, lateral, distribution and gathering lines through which it transmits natural gas purchased principally from the Texas panhandle, Hugoton and Hansford, Texas, area gas fields and the Permian Basin to points in Kansas, Nebraska, Iowa, Minnesota and South Dakota.

For the 12 months ended June 30, 1959, operating revenues of the company amounted to $146,-910,548 and net income to $16-330,953, compared with operating revenues of $138,627,831 and net income of $15,565,824 for the calendar year 1958.

Giving effect to the sale of the new debentures, capitalization of the company and subsidiaries at Aug. 31, 1959, was: $225,390,000 in funded debt; 628,675 shares of preferred stock; and 8,265,177 shares of common stock, par $10.

Joins Amott, Baker Co.

WATERBURY, Conn.—Amott, Baker & Co., Incorporated, has announced that Andrew J. Jackson, Jr., has become associated with its Waterbury, Conn., office as a Registered Representative. Mr. Jackson has had several years experience in the securities business.

SEC and Administrative Law

By Hon. William P. Rogers, Attorney General of the U. S.*

U. S. Attorney General congratulates the 25 year old SEC for its accomplishments and initiative in shaping policies to meet changing circumstances. Concerned about the future of administrative law generally, Mr. Rogers examines four areas within the field of administrative law and government regulation which he suggests may require a searching re-examination. For example, he asks whether greater application of the Federal pre-trial practice would help the process of orderly and prompt administrative adjudication.

On behalf of the Administration and, I am sure, the American public, I extend sincere congratulations to the SEC on the completion of 25 years of successful, effective and impartial regulation in the field of security investments.


Wm. P. Rogers

Speaking in the middle 1930's, Justice Douglas, then a member of the SEC, said that the total number of stockholders in this country had increased "tenfold" since 1900 and that the greatest change was the spread of this ownership "among people of small incomes." This was, of course, a most significant development. Yet, in 1933, new issues of corporate stock amounted to only about $400 million annually, and the value of all stock listed on the Exchange was only about $34 billion.

Last year, almost $10 billion of new stock—more than 25 times as much — was registered with the Commission, and almost $300 billion worth is now listed on the Exchanges. Almost 12½ million individuals own a stock interest in America's future, and these are not marginal or hedged accounts.

In this phenomenal growth, SEC has played an important role. As rulemaker, policeman and court on the financial "beat," it has provided investor confidence in the integrity and honesty of our capital markets. Without such confidence our nation could not have prospered and grown. The financing of industry, the underwriting of pension plans, the security of insurance policies, and the endowment of universities — all of these and much more depend in the last analysis upon public confidence and participation in stock ownership. In building and maintaining this confidence so vital to the health of a free economy the SEC can be justly proud of the part it has played.

The agency has reached that point in its life where it is accepted and respected by the industry it regulates, and opposition to its basic tenets has long since disappeared. This makes the SEC's life more pleasant, but there is no reason to suppose that its duties will be any less demanding. There is much to be done in the years ahead. There is little doubt in my mind that during the next 25 years there will be a rate of progress and growth in this country much greater than the last 25 years.

And, of course, even today it has many problems. I have been concerned, as the SEC, about the recent upsurge of frauds on the consumer and investor public. The activities of these "white collar bandits," hiding behind a cloak of respectability, are no less a menace to the welfare of our country than the bank robber who plys his illicit trade with gun in hand. It is most heartening to me and to all law enforcement officials to see the excellent results of the Commission's intensified enforcement program against stock swindlers.

May I use this occasion to express my appreciation for the close and harmonious relationship which we in the Department enjoy with the Commission. United States Attorneys uniformly report on the invaluable aid given by Commission investigators and attorneys in the field and in your General Counsel's office, not only in the investigation, but also in the preparation of these difficult cases for grand jury presentation and trial. I am confident that this close personal cooperation in the accelerated enforcement program against fraudulent offenders will produce excellent results in this drive against stock swindlers who prey on the investor public.

The SEC's Future

What about the future? That the SEC will play a vital and expanding role in the future economy of our country I have no doubt. I am confident that as new problems arise and as thousands of new investors and new businesses appear, the SEC will successfully protect the public interest with the same resourcefulness, fairness, and integrity it has always shown.

But what about the role of administrative agencies generally? The entire field of administrative law and of government regulation may require a searching re-examination of some of the premises on which we have based our conclusions. There have been many recent suggestions as to how coordinated and effective policy determination, planning, speed or processing, and fairness of adjudication might better be achieved. This is neither the time nor the place to give any extended consideration to such suggestions. There is much in them, certainly, that merits study. Permit me to make four brief comments.

Suggests Four Areas of Inquiry

I

Administrative law must not in the years ahead develop blindly and haphazardly. In fashioning new administrative policies, we must recognize that each agency has different functions and purposes. In formulating modifications we must not ignore the lessons our experience of the last 50 years has so painfully taught us. Neither should our attitude be warped or distorted by old doctrines which ignore new social needs.

Some regulatory agencies sprang into being to meet what was felt were inadequacies in free market operations. If such an assumption were valid when the agencies were created, is it true today? Or, to the extent free markets can work to serve the public interest, would it be better to let market pressures — rather than governmental regulation — mold some of these economic decisions? There is room, I believe, for this sort of inquiry.

II

There are, of course, obvious limits to what the government by administrative regulation or otherwise, is able to do or should do to control public morals. Public disclosures as to some television quiz shows point up the problem. Integrity and character are products of a whole society, not of law enforcement or government regulation.

It is difficult to imagine the greed and cynicism which prompts a few people deliberately and willfully to exploit the public trust. We adults do a lot of worrying about juvenile delinquents—but there were no juvenile responsible for these scandals. Yet there were undoubtedly millions of young people who watched—with admiration for the learning of the contestants—and who now must be doing a lot of wondering.

Certainly there should be full accountability and thereafter every effort made by the government and by the networks to safeguard against this or any other such public deception in the future. In the final analysis, though, no one should forget that the public mores rest with all the people.

III

Steps must be taken to eliminate excessive delay in administrative proceedings. Justice delayed is justice denied whether the forum is an agency or a court. The final administrative decision, long delayed, may be based upon outmoded facts and assumptions. The American economy is changing and moving forward with dramatic swiftness. Administrative regulation of business, therefore, without sacrificing procedural safeguards, must be made to move with sufficient speed to meet the needs of the time.

In this respect, the experience gained in handling protracted court litigation may be relevant. Might not greater application, for instance, of the Federal pre-trial practice help in the process of orderly and prompt administrative adjudication?

IV

Agency rules must constantly be re-evaluated to be sure that they guarantee full opportunity to be heard, fairness to all parties and that the resulting decision will be determined solely on the merits, free of bias or improper influence. There should be in every instance the same public confidence in the integrity and fairness of administrative proceedings as court proceedings now enjoy.

In all of these efforts, I am convinced it is the agencies themselves which should carry the brunt of shaping policies to meet their own particular circumstances. Many are presently engaged in this major work. And, here I want to single out the SEC for the fine progress it has made.

There can be no doubt that the administrative process is an indispensable adjunct to modern government. The SEC has played a major and pioneering role in providing safeguards against excesses in our system while at the same time giving maximum recognition to private initiative. It would be most unfortunate indeed if such a success story were blurred by any current criticism in other areas. In the hope that the success of the SEC will be fully understood and appreciated by the American people, I salute it for 25 years of outstanding public achievement.

*An address of Mr. Rogers, delivered by Solicitor General J. Lee Rankin before the 25th Anniversary Celebration of the Securities and Exchange Commission, Washington, D. C.

Amott, Baker Appoints

Amott, Baker & Co., Incorporated, 150 Broadway, New York City, member of the New York Stock Exchange has announced the appointment of Arthur Buffman as a Registered Representative with its New York Office. Mr. Buffman joined Amott, Baker & Co., in March as a securities analyst following his graduation in January 1959 from The City College of New York as a major in Finance and Investments.

Hamilton Allen

Hamilton Allen passed away October 17 at the age of 67. Mr. Allen had been one of the founders of Cowen & Co., New York City.

Ennis Business Forms Stock Sold

An underwriting group headed by Kidder, Peabody & Co. on Oct. 23 offered 212,490 shares of common stock (par $2.50) of Ennis Business Forms, Inc. at $16.25 per share. This offering was oversubscribed and the books closed.

Of the 212,490 shares, the underwriters purchased 45,000 shares from the company and 167,490 shares from certain selling stockholders. An additional 5,000 shares are being offered by the company to its employees at $15.05 per share. Any shares not so purchased will be purchased by the underwriters.

Net proceeds from the sale of the 50,000 shares will be used for the company's continuing program of expansion and modernization.

Ennis Business Forms, Inc., which this year is observing its 50th Anniversary, manufactures and sells a diversified line of business forms and other business paper products.

Net sales of the company for the six months ended Aug. 31, 1959, were $5,745,551, as compared to $4,224,272 for the like period in 1958. Net earnings of the company in the six months period ended Aug. 31, 1959 totaled $349,611, equivalent to 70 cents per share, while for the comparable period in 1958 net earnings totaled $186,-910, equivalent to 37 cents per share.

Giving effect to the sale of the 50,000 shares of common stock, capitalization of the company on Aug. 31, 1959, was: $120,000 in 5% serial debentures maturing in 1963, and 550,000 shares of common stock with a par value of $2.50 per share.

Now Corporation

LONG BRANCH, N. J.—The Investment business of I. George Weston & Sons, 210 Broadway, is being continued as a corporation. Officers are I. George Weston, President; Robert Weston, Vice-President; and Arthur Weston, Secretary-Treasurer.

Wright, Clark & Senkel

GRAHAM, Tex.—Wright, Clark & Senkel, Inc. is engaging in a securities business from offices in the Meacham Building. Officers are Thomas A. Wright, Sr., President; Wesley Senkel and Thomas A. Wright, Jr., Vice-Presidents; and William E. Bell, Secretary-Treasurer.

Arthur J. Unger

Arthur J. Unger, member of the New York Cocoa Exchange and the Cocoa Merchants Association of America, passed away suddenly Oct. 25th at the age of 50.

Edward A. Talbot

Edward A. Talbot, associated with the Burlington, Vt. office of W. E. Hutton & Co., passed away suddenly Oct. 22nd at the age of 53. Prior to joining W. E. Hutton & Co., Mr. Talbot had been a partner in Edwards & Hanly.

Opens Inv. Service

RAYTOWN, Mo.—Olga A. Becker is engaging in a securities business from offices at 7825 Hedges Street under the firm name of Olga Becker Investment Service. She was formerly associated with Fleetwood Securities Corporation.

W. G. Droge Opens

SAG HARBOR, N. Y.—William G. Droge is conducting a securities business from offices on Union Street.

Goldman Opens Office

Herbert Goldman is engaging in a securities business from offices at 55 Liberty Street, New York City.

See You at the Convention

The *Chronicle's* genial representative, Edwin L. Beck, will be covering the proceedings of the National

Edwin L. Beck

Security Traders Association Convention at Boca Raton and will be waiting to get a picture of you for the Silver Anniversary Issue.

Brush, Slocumb Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Herbert J. Yates, III, has become associated with Brush, Slocumb & Co., Inc., 465 California Street, members of the New York and Pacific Coast Stock Exchanges. He was formerly with A. G. Becker & Co. Incorporated.

Joins Amos Sudler

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Donald J. Hinkley has joined the staff of Amos C. Sudler & Co., 818 Seventeenth Street. He was formerly with Investment Service Co.

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MUTUAL FUNDS

BY ROBERT E. RICH

A Birthday and an Anniversary

New York has been the site this month of the first annual membership meeting of the National Association of Investment Companies. Although they did not plan it that way, it was an appropriate time for this gathering of the leaders of the investment company field, men who have attracted the billions of dollars of savings of millions of American citizens. For it was just 30 years ago that there was triggered in this same city the crash of stock market values, which marked the beginning of the most terrible economic depression this country has even known.

The memory of men is short. At least, no one at this first meeting of investment leaders appeared to be thinking of the Crash of 1929. And in a way it was sad, for there are even at this late date altogether too many people — although portfolio managers are not conspicuous among them—who think and talk and act as though the Folly of the 1920's never happened and even if it did, it could not happen again.

True, free riding, 10% margin, jiggles, pools, corners and the other evils no longer are prevalent. But not even the most stringent Federal legislation and the most onerous margin rates can save the little people (and the big, too) from the follies that spring out of human greed. If there is less foolishness today, the assembled investment leaders could take pardonable pride in the immensely important role they have played. What they have done is to educate a whole generation to the wisdom of sound long-term investing under professional guidance.

Looking at them and listening to them, it was clear that these were men who had themselves struck it rich. The rewards have been considerable and may be even handsomer in the years to come. But if the "laborer is worthy of his hire," then surely none could begrudge these men their good fortune. Most of them either were at school or far from the Wall Street scene of the hectic 1920's, so they could be forgiven if they did not think in terms of the unbridled speculation that once marked the investment field in this country. Their remoteness from the simple nonsense of another generation was exemplified during an informal chat when an old Wall Street cliche was introduced. This is the old chestnut about "not selling on strikes." Even as they discussed the longest steel strike in history, steel shares were being buffeted. They were witnessing another demolition of a Wall Street cliche: such issues as Youngstown Sheet & Tube, Republic Steel, Armco Steel and Inland Steel were down 9 to 14% from the level that prevailed when the strike started in mid-July.

Men with a deep sense of the costs to the economy of this wasteful strike, they nevertheless recognized that nothing basic had been altered. These were men who htought primarily in terms of the deep currents—not the ripples and eddies. Their aim was not short-term gain, although they have had more than one. They were thinking in terms of long-range investment.

United States Steel continued to be their most-favored or second-favored investment medium. And high up in their preferred list were such stocks as Republic, Bethlehem Steel and Armco. If they were buying and holding—rather than selling—such issues, it was not because they remembered some old wives' tale, but because they believe that the future belongs to such companies.

And, as men who think primarily in terms of the future, they were talking about a problem with which they must yet come to grips. The new fascination of the investing public with bonds, brought into sharp focus by the Treasury's success with its 5% notes (the so-called "Magic 5s"), has made them realize that they must vie henceforth with a powerful competitor for the public's investment dollar. Yet another competitor, only now emerging, is the savings banks and savings & loan associations. Now paying their depositors 3½ to 4½%, they have lost hundreds of millions of dollars in deposits to the more attractive yields provided by the Treasury. All indications are that interest rates will go higher before they go lower as they struggle to hold on to depositors.

All of which brings us back to our original point—the little-noticed passing of the anniversary of an unhappy time. This generation of moneyed people don't buy pie in the sky—not for them the high-priced stocks that have no record of earnings and dividends. They have no aversion to getting rich overnight, but nearly all of them recognize that it is as likely as the winning ticket in the sweepstakes. So they are ready to settle for the medium that offers the best yields and if they are bold enough to seek a capital gain, the mutual fund or the quality stock can appear attractive indeed.

Investment management and industry are entering a period of the most severe competition for the thrifty family's dollar. As one investment adviser summed it up: "The people are not buying uranium. Their attitude today is: 'I've worked long enough for my money. Now let it work for me."

Rodman, Renshaw Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Samuel Levin is now with Rodman & Renshaw, 209 South La Salle Street, members of the New York and Midwest Stock Exchanges.

Joins Levy Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Bernice B. Johnson has joined the staff of Robert J. Levy & Co., First National Bank Building.

With I. L. Brooks Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Kenneth L. Gage is now with I. L. Brooks & Co., Inc., 333 Pine Street, members of the Pacific Coast Stock Exchange.

With Harriman Ripley

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Damon Mezzacappa is now with Harriman Ripley & Co. Incorporated, 30 Federal Street.

The Funds Report

Oppenheimer Fund, Inc. reports net assets at September 30 of $3,619,138, equal to $10.12 a share on 357,492 shares. This was the fund's first report and covered the four and one-half months of its operations since the founding last May. At that time shares were priced at $10. Max Oppenheimer, President, told shareholders "we believe this record compares favorably with the general trend of stock prices as measured by the well-known industries." He noted, as a unique feature of the fund, that "as a possible hedge against a declining market, short positions were taken in certain industries where management believed that disappointment might be expected."

* * *

Fundamental Investors, Inc. reports net assets at September 30 were more than $100,000,000 above those of a year earlier, but some $20,000,000 less than on June 30. It was noted in the quarterly report that the decline in assets and share value during the latest quarter was a reflection of "the general decline in common stock prices that has taken place since early August." It showed net assets of $560,537,743 on September 30, equal to $9.40 per share on 59,655,575 shares outstanding. This compared with $457,380,970, equal to $8.50 a share on 53,800,894 shares on September 30, 1958. As of June 30, 1959, net assets were $581,214,400, or $9.92 a share on 58,565,312 shares outstanding at that time. Portfolio additions during the latest reporting period were made in Chicago Pneumatic Tool, Ford Motor, Gillette, Ingersoll-Rand, International Paper, Newmont Mining, Republic Steel, Sunray Mid-Continent Oil and Union Bag-Camp Paper. Reductions were made in Amerada, Burroughs, Kimberly-Clark, Shell Oil, Standard Oil (New Jersey) and Texaco.

* * *

Distributors Group, Inc., stockholders will be asked at a special meeting November 4 to approve a reclassification of the common stock into class A non-voting and class B voting categories. The plan also makes provision for exchange of non-voting for voting shares.

* * *

Financial Planning Corp. has filed with the Securities & Exchange Commission a registration statement governing contractual plans for Incorporated Investors shares. Bankers Trust (New York) would be custodian and group creditor life insurance also would be available, if SEC approval is forthcoming.

* * *

Raymond W. Hofmann, Vice-President of **Blue Ridge Mutual Fund** and **Capital Program Corp.**, sponsor of Blue Ridge monthly accumulation programs, has been elected President of **Blue Ridge Associates, Inc.**, sponsor and national distributor of the fund.

* * *

Investors Planning Corp. of America is setting up a Spanish Department to promote mutual fund investment among the 1,000,000 New York metropolitan area residents from Latin America. The announcement was made by I. P. C. senior representative Frank Lopez-Trigueros, who has been developing a group of Spanish-speaking representatives in the firm.

"Our people," said Lopez-Trigueros, "have many problems in common with other non-English-speaking groups who have settled here in the past. Limited income is a major problem for many of them, but their standard of living is catching up to that of others more firmly established in the New York community. . . . Only temporary language differences and an understandable fear of being exploited have kept Puerto Ricans and other Latin Americans here from purchasing many products and services which they can both afford and enjoy."

* * *

Madison Fund, Inc., reported net assets of $133,962,695, or $20.45 per share, on Sept. 30, down from the record $142,430,607, or $21.74 per share, at June 30.

* * *

From Dec. 31, 1958, to Sept. 14, 1959, **Composite Bond and Stock Fund, Inc.** boosted its net assets from $6,265,049 to $6,701,170. Over the same period, net assets per share gained from $18.30 to $18.63. The fund had 40.21% of its assets in common stocks, 43.56% in bonds and 15.63% in preferred stocks. Major common stock commitments were in consumer goods, public utilities, rails and oils.

* * *

Pioneer Fund, Inc. placed its net asset value at $36,607,316, equal to $8.47 per share, as of Sept. 30. This represented an overall gain from the $36,600,185 in net assets reported June 30 but a decline from the $8.91 asset value per share at that time. Last Dec. 31, however, asset value per share came to just $8.16.

Closed-End News

The Dominick Fund, Inc., disclosed that its net assets dropped from $38,117,000, equal to $22.97 per share, on June 30 to $36,071,807, equal to $21.73 per share, on Sept. 30. Increased commitments were made in Ford Motor, Johns-Manville, Continental Can, Radio Corp. of America and Foote Mineral. There were decreases registered in General Tire & Rubber, United States Borax & Chemical, United States Life Insurance Co. in the City of New York, Coca-Cola, North American Aviation, Hugoton Production, Panhandle Eastern Pipe Line and American Telephone & Telegraph.

* * *

Tri-Continental Corp. reported investment assets of $398,198,309 at Sept. 30, up slightly from $392,054,570 at Dec. 31 and a sharp gain over the $361,879,396 of one year earlier. Assets per share amounted to $47.65, a decline from Dec. 31 but well up from the $44.22 set Sept. 30, 1958. The company took a new position in Pittsburgh Plate Glass, eliminated its holdings of Lockheed Aircraft, Dresser Industries, United Gas Corp., American Stores, United Aircraft, Boeing Airplane, Mississippi River Fuel Corp. and Amerada Petroleum.

* * *

General Public Service Corp. experienced a slight decline in net assets per share, from $6.17 to $6.12, over the three months ended Sept. 30. New purchases were Norwich Pharmacal and G. D. Searle. Eliminations were Crown Zellerbach, Deere, Joy Manufacturing, Litton Industries, Revere Copper and Texas Instruments.

* * *

Net assets of **United States & Foreign Securities Corp.** amounted to $116,330,129, equal to $35.14 per share, as of Sept. 30. At the same date last year, assets were $121,362,554, equal to $36.66 per share. Largest industry holdings: oil, 35.11%; chemical and drug, 21.39%; metal and mining, 15.20%, and manufacturing and miscellaneous, 10.89%.

Belmont Towbin Director

Belmont Towbin, partner in the investment banking firm of C. E. Unterberg, Towbin Co., New York City, has been elected a director of Hermes Electronics Co., a leading manufacturer of precision electronic timing equipment and crystal filters, it was announced by Malcolm M. Hubbard, President, following a meeting of the Board of Directors.

Sound and Unsound American Money Systems

By Frederick G. Shull, New Haven, Conn.*

Connecticut scholar and writer on the gold standard denies the subject is complicated or difficult to grasp. Reviews the historical aspects of our monetary systems, and concludes that the inflation we have been experiencing since 1933 can more properly be attributed to our present unsound currency than to any other major cause.

My subject, "Historical Aspects of Sound Money," has a direct relationship to that great document; for in the very first Article of the Constitution (Sec. 8) it is clearly set forth that "The Congress shall have Power . . . to coin Money, regulate the Value thereof, and of foreign Coin, and fix the standard of Weights and Measures." In that connection I would like to call attention to the fact that the Executive branch of our Government, in 1933, improperly encroached on the prerogative of the Legislative branch when President Roosevelt altered the value of our currency, and thereby violated the Constitution which he had sworn to uphold.

Frederick G. Shull

As recently as 1931, a famous British committee of 14 eminent economists and financiers, known as the "Macmillan Committee," rendered their Report, in which appears the following statement: "There is, perhaps, no more important object in the field of human technique than that the world as a whole should achieve a sound and scientific monetary system. But there can be little or no hope of progress at an early date for the monetary system of the world as a whole, except as the result of a process of evolution starting from the historic gold standard."

Denies Subject Is Complicated

It is unfortunate that so many of our people regard the gold standard as a very complicated subject—when, in reality, it is quite simple. As examples of otherwise brilliant people who look upon this subject as "complicated," let me cite the two following cases:

(1) In 1895, when the money question was being publicly discussed, the distinguished editor of the New York "Times," Mr. Adolph Ochs, is reported ("The Story of the New York Times") to have written his wife that he was opposed to the "free coinage of silver," and continued: "I will admit that the science of the use of silver and gold as money is beyond my comprehension."

(2) Again, at my fiftieth Reunion at Ithaca, in 1957, the wife of one of my classmates—a man who was a successful lawyer and at one time president of one of the large ocean steamship companies—and a woman seemingly far above average intelligence, asked me this question: "What difference does it make whether paper money is backed with gold or with sea shells?"

When people of the background of the two I have just quoted have so vague a conception of what is meant by the gold standard, it is understandable that the problem of promoting sound money is a difficult one.

To prove my point that the gold standard is quite simple, let me put it this way: Bank checks to the tune of billions of dollars, circulate as money; and, so long as the drawers of those checks have ample funds in their bank accounts, those checks are as good as any other circulating currency. And where the nation involved is on the gold standard, such checks, like paper money, are "as good as gold."

A Basic Principle

Now, as to the government itself: Ever since 1933 the U. S. has claimed that the American dollar is worth one-thirty-fifth of a fine ounce of gold—and it is in transactions with foreign central banks and nations; but, here at home, our government fails to make good that claim—it refuses to permit our citizens to exchange their paper money for gold if they choose to do so. In other words, our government ignores a basic principle of the gold standard, which is: the privilege of "redeemability in gold, on demand." That is sheer dishonesty, for the U. S. Government can produce paper money at less than one-cent per piece, in any denomination. As Daniel Webster wisely stated 125 years ago: "Bank notes which cannot be redeemed in gold and silver at the will of the holder are miserable, abominable, and fraudulent." It does not mean that people would rush to convert their paper money into gold if they enjoyed that privilege; for only an unwise person would sacrifice the interest he is getting on his savings in a bank in order to hoard gold; but he has a right to know that those dollars he has saved will be maintained "as good as gold." That assurance can be guaranteed only by the time-honored principle of the gold standard.

Let's now get down to the historic reasons which support my theory that the United States should promptly restore the dollar to the gold standard—firmly fixed at $35 a fine ounce of gold, and redeemable, on demand, at that fixed value:

The world's greatest economist, Adam Smith, has this to say in his monetary masterpiece, "Wealth of Nations," first published in the year 1776: "The raising of the denomination of the coin has been the most usual expedient by which a real public bankruptcy has been disguised under the appearance of a pretended payment." Well, in 1933, our political leaders "raised the denomination of our coin" when they raised the official-price of gold from $20.67 to $35 an ounce of gold; and thereby, "a real public bankruptcy was disguised under the appearance of a pretended payment."

In 1792, Alexander Hamilton, Secretary of the Treasury under President Washington, was evidently familiar with the basic principles of sound money as portrayed by Adam Smith; and both Washington and Hamilton appeared to be well aware that paper money needs to be backed with something better than sea shells—as recently suggested by my Cornell friend. They knew that paper money, to be honest, must be specie-backed, i. e., supported with gold and/or silver; and they chose to use both of these forms of specie because gold was in very short supply in this country in 1792. They gave the dollar a value of 371.25 grains of pure silver, and a value of 24.75 grains of pure gold—on the theory that gold was 15-times as valuable as silver. And it may be of interest to know that that silver-content of our dollar has never been changed to this day—which strictly accords with the principle that once set, the specie value of a currency should never be changed.

A Century of Fixity

Under that system we went forward for about forty years without any change whatever in the value of the dollar; but in the early 1830s there were those who felt that the 15-to-1 relationship as between gold and silver wasn't quite right—that it ought to be 16 to 1, instead. And there seems to have been some merit to that suggestion, for Congress, effective in 1837, dropped the gold content of the dollar from 24.75 to 23.22 grains of fine gold—resulting in the desired 16-to-1 relationship, and the well-known official-price of $20.67 per troy ounce of gold, and which price was never again tampered with until the New Deal took over in 1933. In other words, for almost a full century our government adhered to the principle that our currency should be held to a fixed value in terms of gold—the correct and honest sound-money principle of the gold standard.

In that monetary debate which brought about the results just mentioned, Daniel Webster played a leading role. On the 22nd of Feb., 1834, Webster delivered an address in the U. S. Senate which, among his published addresses, carries the title "A Redeemable Paper Currency." In that address are the following forthright statements by the great Webster:

"I know, indeed, that all paper ought to circulate on a specie basis; that all bank notes, to be safe, must be convertible into gold and silver at the will of the holder . . . I have already endeavored to warn the country against irredeemable paper; against the paper of banks which do not pay specie for their own notes; against that miserable, abominable, and fraudulent policy which attempts to give value to any paper, of any bank, one single moment longer than such paper is redeemable on demand in gold and silver."

Decline Post-1933 Paper Money

It becomes evident, therefore, that irredeemable paper money, such as we have been operating with ever since 1933, is a type of money that Daniel regarded as "miserable, abominable, and fraudulent"; and that it is high time that we restore the dollar to an honest basis.

With the Civil War upon us in 1861, President Lincoln apparently felt that our limited supply of gold needed to be conserved, since, in making foreign purchases of war supplies, the only money we could use was gold. He therefore temporarily withdrew the privilege of redeemability, domestically, as a wartime measure—and that held true for the next 18 years, known as the "greenback" era. But in the early 1870s, with the war behind us, many felt we ought to get back on the sound foundation of the gold standard. Senator Sherman—who later became Secretary of the Treasury under President Hayes—was the chief sponsor of the "Resumption Act of 1875," which restored the dollar to a true gold standard as of Jan. 2, 1879.

Sherman, however, was not alone in that effort; for he received great assistance from a Yale graduate, Andrew D. White, who was the co-Founder and first-President of Cornell University, which opened its doors in 1868. White had made a careful study of the unfortunate experience of France with irredeemable paper money in the 1790s; and he developed those facts as an address which he delivered before groups of Congressmen in Washington, and businessmen in New York. He thereby gave great impetus to the gold-standard movement which resulted in favorable action on Sherman's "Resumption Act"; and later on, Dr. White published that address as a small book, his monetary masterpiece "Fiat Money Inflation in France," which was reprinted in pamphlet form and used as campaign literature in the political battle of 1896 which resulted in the election of McKinley, and preserved the gold standard intact. The following two passages from Dr. White's book throw a lot of light on his thinking as respects the subject we are discussing:

(1) "Whenever any nation intrusts to its legislators the issue of a currency not based on the idea of redemption in standard coin recognized in the commerce of civilized nations, it intrusts to them the power to raise or depress the value of every article in the possession of every citizen." (2) "Every other attempt of the same kind in human history, under whatever circumstances, has reached similar results in kind if not in degree; all of them show the existence of financial laws as real in their operation as those which hold the planets in their courses."

What Dr. White is saying is that once a nation fixes the value of its monetary unit in terms of a definite weight of gold, it can no more change that value, properly, than one could change the planets in their courses. Unfortunately, those sound "financial laws" were ignored in 1933; and we have been suffering from inflation ever since. The only reliable cure is the gold standard.

You may not be aware that it was the distinguished Senator from Massachusetts, Henry Cabot Lodge—grandfather of our present-day Ambassador to the United Nations and to Madrid — who wrote the gold-standard plank of the Republican Platform of 1896, on which McKinley was elected over William Jennings Bryan of "crown of thorns, cross of gold" fame. And it was Mr. Lodge who was delegated, in 1900, to go to Canton, Ohio, to formally notify President McKinley that he had been nominated to succeed himself, in the 1900 campaign. On that occasion, Mr. Lodge delivered an address in which he referred to the gold standard as "the cornerstone of our economic structure." Those were wise words and show, only too clearly, that we are today operating with an economic structure from which the cornerstone has been removed—and the results can be as disastrous as with any structure under like conditions.

There can be no doubt that one of the strongest advocates of the gold standard that this nation has ever had was President Theodore Roosevelt. And, in support of that statement, I will draw on the four following direct quotes from his published addresses:

(1) "An honest currency is the strongest symbol and expression of honest business life. . . . A financial system of assured honesty is the first essential." (Logansport, Ind., September, 1902.)

(2) "All other issues (referring to the campaign of 1896) sank in importance when compared with the vital need of keeping our financial system on the high and honorable plane imperatively demanded by our position as a great civilized power." (Canton, Ohio, January, 1903.)

(3) "This nation is on a gold basis. The Treasury of the public is in excellent condition. Never before has the per capita of circulation been as large as it is today; and this circulation, moreover, is of money every dollar of which is at par with gold." (Syracuse, September, 1903.)

(4) "We know what we mean when we speak of an honest and stable currency. . . . So long as the Republican party is in power the gold standard is settled, not as a matter of temporary political expediency, not because of shifting conditions in the production of gold in certain mining centers, but in accordance with what we regard as the fundamental principles of national morality and wisdom." (Oyster Bay, N. Y., July, 1904.)

As a comment on those forthright statements by Theodore Roosevelt, I challenge any man in the United States to produce equally strong arguments in favor of the irredeemable paper money we have been using for the past quarter-century, which is still with us.

As a leading industrialist of his time, and a great public benefactor, Andrew Carnegie had a clear understanding as to what constitutes sound and honest money. In an address before the Economic Club of New York, in 1908, Mr. Carnegie had this to say: "There is only one substance in the world which cannot fall in value, because it is in itself the world's standard of value, and that is gold, which the banks of civilized nations have as their reserve." He went on to compare gold to the North Star in this sense: that it is the North Star "about which the solar system revolves"; that gold occupies a somewhat similar position with respect to all other commodities; and that "to deny to gold the privilege of serving as the standard of value would be like refusing to call the star nearest of all stars to the true North, the North Star."

In 1921, Andrew W. Mellon became Secretary of the Treasury under President Harding; and in just three years Mr. Mellon reduced the national debt from $26 billion to $17 billion—a reduction of $9,000 million. And in 1924 Mr. Mellon wrote a book, "Taxation: The People's Business"; and in that book he gives the following strong views in support of the gold standard: "In so far as this government is concerned, its policy has been to keep its own house in order; to maintain the gold standard unimpaired; to balance its budget; and to carry out a reasonable program for the orderly funding and gradual liquidation of the war debt."

Finally, in addition to the opinions of the outstanding monetary experts and statesmen whom I have quoted, it is safe to say that every President of the United States from George Washington to Herbert Hoover, inclusive, must have had a high regard for the gold standard as a means of keeping our currency honest; for, so far as I have ever heard, no President, prior to 1933, ever tried to discard the gold standard. In other words, from the establishing of the American dollar in 1792 right down to 1933—or for 140 years—the Legislative branch of our Government retained its Constitutional prerogative of "coining money and regulating the value thereof." But, in 1933, an unwise Chief Executive, who had just previously taken a solemn oath to uphold the Constitution of the United States, within a matter of months violated that solemn pledge—as great a piece of dishonesty as has ever been inflicted on the American people. And it has been very costly to us all, for the inflation we have been experiencing ever since can more properly be attributed to our present unsound currency system than to any other major cause.

We shall never get away from that type of dishonest money—namely, irredeemable paper money — until Congress can be prevailed upon to take favorable action on one of the gold-standard bills that have been introduced in that body every year for the past several years—such, for example, as Representative Heistand's most recent one, House Resolution 368, which he presented before that branch on Jan. 7, 1959, but which—like its predecessors—has evidently found its way into a Congressional pigeonhole.

*Address by Mr. Shull before the Eva Lear Chapter, Daughters of the American Revolution, New Haven, Conn., on Constitution Day.

Present Imperative Need For Advance Refunding

Continued from page 3

rest of the world. Any loss of confidence in our fidelity to sound monetary principles can cause our foreign short-term creditors to shift their balances with a resulting strain on our gold reserves. This need not happen and we do not expect that it will.

No how about here at home? Where do we stand on domestic policies which are required to protect the value of the dollar?

It is becoming evident to those of us who have been in the thick of things in Washington this year that one of the greatest monetary debates since the days of William Jennings Bryan has been shaping up. In 1896, the people of this country overwhelmingly endorsed sound money and a stable currency. Will they do so now in this new set of circumstances?

As I have already indicated, the stakes are high. The maintenance of confidence in our currency is, quite simply, essential to both sound and sustainable economic growth and to our position of world leadership. Like the broad issues of foreign policy, sound money should not be made a partisan matter. It far transcends in significance the questions that can appropriately be debated on a party basis.

Foreign financial institutions, businesses, and individuals have a strong practical interest in the way we handle our affairs; they are, in effect, looking over our shoulder to the tune of about $17 billion.

The United States is a rich country. In many instances, a nation can afford mistakes in policy—even costly mistakes — and still get back to shore. But loss of confidence in the value of the dollar is not one of these instances. It is a different type of problem entirely. The social and economic losses sustained through serious or prolonged erosion of the currency — which is another term for serious or prolonged inflation—are not easily regained. At best, the damage can be repaired only at the cost of a program of austerity. The hardships and inequities which result from inflation cannot be readily equalized; they deeply injure the moral riber of the nation. Worst of all, if the example of many other nations means anything, we would be in danger of losing some of our economic freedoms in a drift toward socialism.

Everyone's Responsibility

At this point, let me say that we must recognize first that a sound money program is not solely a responsibility of the government. An approach on the part of both business and labor which goes beyond just short-run considerations, as well as an informed public opinion, are primary requirements for keeping our economy on a steady upward course. Perhaps I am an optimist, but it seems to me that we can discern progress, even if slow progress, in these directions.

In the government area, the achievement of monetary stability rests on three closely inter-related factors: first, fiscal responsibility in the sense of a balanced budget, or a budget that is at least balanced on the average over a period of years; second, an independent Federal Reserve System that will pursue effective monetary policy; and, third, a sound management of the public debt, which, among other things, requires that the Treasury be granted appropriate latitude in carrying out debt management policy.

The President, the Treasury, and the Federal Reserve stand firmly together in pursuit of these objectives. I would emphasize this because there was mounting evidence in the last Congress that the Federal Reserve had been singled out as the main target for those advocating easy money.

As for a sound fiscal policy, the results of the recent "battle of the budget," as it has sometimes been called, give us confidence that policies aimed at protecting the dollar will receive widespread public support, once there is an understanding of the real issues that are involved. It seems clear that public sentiment, in response to President Eisenhower's leadership, tipped the scales against excessive government spending in the last Congress. This is a battle which never ends. But, thanks to the good sense of the American people, we can report progress on the budget front.

Perhaps the reason why so much attention is centered on the Federal Reserve is that during the war period and up to 1951, the System was not free to put an effective monetary policy into operation. As you know, the low-interest rate rate structure and the support policies which were necessary to maintain these rates during the war years, however justified at that time, did not, particularly after the war when direct wage and price controls were removed, to nullify monetary policy as an anti-inflationary instrument. We are all aware of the results. There are sincere advocates today of once more fixing interest rates by government fiat, supported by heavy Federal Reserve purchases of government securities. Surely our own experience, as well as that of other nations, should warn us against such a course.

I come now to the third essential of a sound governmental financial program; freedom of the Treasury to conduct a flexible and prudent program for management of the public debt.

Soundly Managed Public Debt

As you are aware, debt management is being hampered under present circumstances by the existence of the 41-year old interest rate ceiling of $4\frac{1}{4}\%$ on offerings of marketable Treasury issues having a maturity of 5 years or more. At the President's request, the ceiling on Savings Bond interest rates was raised to $4\frac{1}{4}\%$ by the last Congress, and certain technical provisions were enacted to facilitate Treasury refunding of outstanding debt issues in advance of maturity. The ceiling on marketables, however, was untouched, despite extended Congressional hearings and the President's statement in a special message to Congress on Aug. 25 that "No issue of greater importance has come before this session of Congress."

Developments since that time have underlined the pressing need for, and the basic wisdom of, early action by the Congress to remove the present ceiling, both to control future inflation and to hold down the cost of interest on the public debt.

Those who advocate holding the Treasury to a rigid interest rate ceiling argue—and I am sure many of them sincerely believe—that such a restriction will hold down interest rates and government borrowing costs. Paradoxical as it seems, however, the interest rate ceiling does not help to keep down interest rates. The most important reason why it does not is that such a ceiling forces the Treasury into the most inflationary type of borrowing — short-term borrowing. Nothing will act more surely to raise long-term rates for all types of obligations, public and private, than a lack of confidence on the part of investors in the future purchasing power of the dollar. And nothing more surely will undermine that confidence than continued inflationary borrowing on the part of the government. Confining the Treasury's borrowing to the short maturity area undoubtedly creates a bias toward inflation.

So long as the present prosperity contributes to a strong demand for credit, the effect of the interest rate ceiling is to lock the Treasury into the one area of maturities — the area up to five years—which is already seriously congested and, therefore, subject currently to excessive upward pressure on interest rates. As a practical matter, the ceiling largely nullifies the Treasury's ability to do advance refunding, a subject I now want to comment upon.

Need for Advance Refunding

Without going too much into the technicalities of the matter, the purpose of advance refunding is to enable the Treasury to keep long-term investors as holders of its securities by offering them an opportunity to exchange for new securities of longer maturity before the passage of time brings the maturity of their current holdings down into the short-term area. It is at this point that the typical long-term investor disposes of his holdings and replaces them with longer-term obligations. Too often at this point he will shift to investments other than governments. We believe advance refunding affords an excellent technique for debt lengthening with a minimum market effect.

The existing $4\frac{1}{4}\%$ ceiling is forcing us to concentrate offerings in the under-5-year maturity area. As we have told the Congress, we interpret this ceiling to practically tie our hands in planning advance refundings.

An important objective of the Treasury, in the national interest, is to lengthen the debt whenever conditions are appropriate. Debt lengthening is not an end in itself. The Treasury wants to reduce to a minimum the frequency of new Treasury offerings so as to interfere as little as possible with the orderly marketing of corporate and municipal bonds and to give the widest possible scope to the Federal Reserve for conducting an effective monetary policy. The mere passage of time constantly stortens existing maturities. Thus, the Treasury must take advantage of every appropriate opportunity to push out into the intermediate and long-term areas. But, under the strictures at present placed on us, we are boxed in.

Let me be specific. Out of a total marketable debt of $187 billion at the present time, $76 billion matures within one year; $64½ billion matures within 1 to 5 years; and $46½ billion matures in 5 years and over.

In the very short-term sector —securities maturing within one year — the problem is, of course, how to keep more and more of the debt from piling into this short-term area.

If the Treasury does nothing to extend the debt as it comes due and refunds everything within the 1-year area, the passage of time will increase the volume of under-1-year debt by more than $35 billion in the next 2 years, raising the total from the current figure of $76 billion to over $110 billion in October, 1961.

The problem which the Secretary of the Treasury faces is how to prevent this from happening. Over the last few years, we have been able to live with a short-term debt that runs in the neighborhood of $70 billion; the liquidity needs of the economy seem to justify a short-term debt of about that size. If liquid instruments were not provided by the Treasury, it seems clear that they would be supplied by other liquid market instruments such as commercial paper, acceptances, or time deposits.

However, real difficulties would result if the economy had to absorb over $110 billion of such very short-term debt. Such an occurrence would, first of all, tend to increase rates unduly in the short-term area. In addition, the resulting increase in the volume of liquidity instruments — the next thing to cash—would present serious problems to the Federal Reserve System in its management of the money and credit needs of the economy.

Exchanging One Evil for Another

I mentioned before that the issue of a balanced budget received wide popular approval because it was felt that for the government to continually operate in the red was inflationary. It is pertinent to point out here that, if business continues to expand, the $4\frac{1}{4}\%$ interest ceiling, if not removed, will have, over a period of years, the same damaging effect on the economy as continued budget deficits. Both an unbalanced budget and the $4\frac{1}{4}\%$ ceiling tend to result in excessive financing through short-term instruments, which have much the character of money, even if not taken by the banks.

Now to consider the 1-to-5-year area where the Treasury is forced to do all of its current financing beyond the very shortest maturities. This area, as I have indicated, is already seriously congested, and our major problem lies right here. During the next two years, another $8 billion of longer-term issues will drop down into it as a result of the passage of time.

To mention one more complication, the heavy financing during World War II in the form of long-term bonds is bringing a very substantial volume of such securities, through the lapse of time, down into the intermediate area where they appeal to a different class of investor. Every counsel of sound debt management requires that attempts should be made to extend this debt while it is still in the hands of holders who prefer long-term bonds.

$20 Billion Is Involved

Clearly, the most hopeful means that we in the Treasury have been able to find of moving toward a more desirable pattern in the distribution of the debt is the advance refunding technique. You will see from my discussion of the various maturity areas that our debt extension problem is not actually a massive one. The Treasury has, in the period since December, 1953, done a pretty good job of minimizing growth of the debt in the under-one-year area. The essential job in the period ahead—if we had the freedom to finance at the going rates of interest over a range of maturities—is to work toward relieving the congestion in the one-to-five-year area. I hesitate to specify an exact figure, but, if, in addition to the extension required to keep even with the erosion caused by the passage of time, we were able, over the next two or three years, to move something of the general magnitude of $20 billion out of the one-to-five-year area into longer maturities, it is our judgment that we would have a reasonably satisfactory structure of the marketable debt.

This is not an easy task, but we believe that it is of much more manageable proportion than many observers assume.

I would say here that we have no intention of trying to go as far as Canada, for example, in attempting to restructure the debt. There are very good reasons why such an extensive plan, involving about 40% of their national debt, would not be practicable here. The Secretary has indicated to the Congress that, when we are able, through removal of the ceiling, to enter into an advance refunding program beyond the five-year area, it is our intention to do so through a series of modest and experimental steps.

The concentration of borrowing in any single area of the market, such as we are now being forced to do, inevitably creates distortions of rates in that area; such distortions spill over and adversely affect the whole market. That is what has been happening in the very short-term area in the last few months. It will happen increasingly in the area up to five years if we are compelled to concentrate our borrowings short of five years by reason of the legislative strait jacket.

It was because the Treasury felt it was imperative to take some of the pressure off the heavy congestion in the under-one-year area that we decided, two weeks ago, to offer a note issue maturing in four years and ten months and to pay a rate of 5% that assured that we would draw $2 billion of true investment funds into the issue. We feel the results have been salutary. Certainly the very short-term rates would have been still higher had we not modestly extended this $2 billion. The results would have been even more salutary had we been able to get some extension beyond five years.

Here let me say that the commercial banks of this country did an outstanding job in marshalling and processing 130,000 separate subscriptions for the note issue—the largest number of subscriptions to any marketable issue since World War I.

So far, I have confined my discussion to marketable issues. Now a word about Savings Bonds.

Defends Savings Bonds New Rate

We in the Treasury consider our Savings Bonds program to be the very heart of our efforts to manage the debt in a non-inflationary manner. Not only has the program served the nation well in this respect but, supported by a tremendous corps of volunteers, it has been a powerful instrument for the teaching thrift. Millions of Americans would not have started on the road to accumulating savings were it not for the payroll savings and school stamp plans.

We are grateful that the Congress, before its adjournment last month, raised the ceiling on the interest rates we are able to pay on Savings Bonds, even though it would have been preferable to take the rate ceiling off entirely, as we had recommended. The President approved both an increase on the rate on newly-purchased E and H bonds to $3\frac{3}{4}\%$ if held to maturity and an upward adjustment in the rate on outstanding E and H bonds. In practically every instance, it is to the owner's advantage to hold his bonds rather than cash them and purchase new Savings Bonds.

We are aware that there are some who believe the Treasury should have fixed a higher rate for Savings Bonds in view of the current rate on marketables. We believe our decision was correct, and I want to tell you why.

Savings Bonds are a hybrid type of instrument. On the one hand, they share one characteristic of the marketable bonds, namely, that the holder has a contract to pay him an agreed rate to maturity which cannot be abrogated by the government if and when interest rates decline. On the other hand, the holder has the right to demand payment at any time 60 days after issue with no loss of principal. This gives Savings Bonds much more the character of a savings account than of a bond. In addition, the holder of an E bond may postpone paying any income tax until final redemption. With the extensions of maturity that have been granted, many holders can postpone redemptions until a time of life when they may be in a

lower tax bracket or subject to no tax at all.

Therefore, because Savings Bonds by their nature more nearly resemble savings accounts, it would seem that the rate of interest on the bonds should be more closely related to the rates paid on institutional savings rather than to the fluctuating rates on marketable bonds. Our statistics show that a rate of 3¾% compares very favorably with the average rate paid over the nation by savings institutions, particularly since the savings account interest or dividend rate may be revised downward, whereas the Savings Bond rate is guaranteed for the full term of the bond.

Denies He Is Pessimistic

I have cited so many problems the Treasury faces, both currently and for the long run, that it may appear that I am concluding on a pessimistic note. That is not my intention.

A nation as strong and productive as the United States should have no serious problem in carrying a debt the size that we have. A balanced budget, or at least surpluses in our good years to offset deficits in occasional bad years, should solve many of the problems that have beset us in the year just passed, when we have had to finance a $12½ billion deficit in the recovery period. Problems such as the 4¼% ceiling, the competition our direct government obligations meet from other quasi-government obligations and tax-free bonds, are, after all, the result of legislative enactments rather than fundamental economic factors. Some of these enactments serve the American people well. Some of them, like the 4¼% ceiling, do not.

Prudent management of our financial affairs—a basic condition of economic well-being in all free countries — is certainly not beyond our reach. All that is needed is a public understanding of what is involved and a determination on the part of our entire poeple to achieve it.

We are entering what is being widely forecast as the most prosperous period of our entire history. Within the next 25 years, we can virtually double the producing capacity of America. We will be creating some 35 to 40 million new jobs to take care of our expanding population. We will have to develop an energy base to meet a demand which may well treble. We and other advanced nations will be sharing know-how and offering a helping hand to the 700 million people in 22 countries who have won political independence in the past 16 years.

These are dazzling opportunities. Barring a serious worsening in the international situation, I believe these goals are attainable —but **only** if we have the informed public opinion, the will, and the courage to maintain sound financial policies which are essential to healthy and sustainable growth.

*An address by Mr. Baird before the Annual Stockholders' Meeting, Federal Reserve Bank of Boston, Oct. 15, 1959.

With Kidder, Peabody

PHILADELPHIA, Pa. — Kidder, Peabody & Co., Fidelity-Philadelphia Trust Building, members of the New York Stock Exchange and other leading exchanges, announce that William F. Morris, Jr. is now associated with them as a registered representative.

Mutual Funds Inv. Corp.

DAYTON, Ohio — Mutual Funds Investors Corp. has been formed with offices at 333 West First Street. Robert E. Kuntz is a principal of the firm.

Philip F. Hartung

Philip F. Hartung, limited partner in Harris, Upham & Co., passed away Oct. 10.

NEWS ABOUT BANKS AND BANKERS

Consolidations • New Branches • New Offices, etc. • Revised Capitalizations

The Chase Manhattan Bank, New York announced plans Oct. 27 for opening a new branch in Manhattan at 241 East 42nd St.

A lease has been signed for space in the 32-story Pfizer World Headquarters Building under construction on the site, which is the northwest corner of East 42nd Street and Second Avenue.

The new branch, which is expected to be opened in the early part of 1961, will be the Bank's 105th office in New York City.

* * *

The Chase Manhattan Bank, New York announced Oct. 21 that its South African subsidiary, **The Chase Manhattan Bank (South Africa) Ltd.**, will open a second branch in the Union of South Africa in December. The new office is in Cape Town.

The bank said present plans, subject to official approval by the South African Government, called for temporary quarters in Radio City Center, Foreshores, in the Cape Town financial district Permanent quarters will be located in the Africa Life Building now under construction in Thibault Square in Cape Town.

The first Chase Manhattan office in South Africa was opened in Johannesburg on Feb. 11, 1959.

* * *

George E. Becker and James H. Harris were elected Vice-Presidents of **The Chase Manhattan Bank, New York.** Mr. Becker will be in charge of the Metropolitan Branch at 33 East 23rd Street. He joined the bank in 1929. He was appointed an Assistant Manager in 1946 and advanced to Assistant Vice-President in 1951. Mr. Harris, who joined the bank in 1947, was appointed an Assistant Manager in 1953 and Assistant Vice-President in 1958. He will be in charge of the branch at 25 Broadway.

* * *

Chemical Bank New York Trust Co., New York has taken a long-term lease for its new branch office to be located in 80 Pine St., scheduled for occupancy next summer.

* * *

Morgan Guaranty Trust Company of New York has requested approval of the banking authorities for formation of two subsidiary companies to operate in the international field, it was announced Oct. 23 by Henry C. Alexander, Chairman.

The two companies for which authorization is sought would be formed under Section 25 (a) of the Federal Reserve Act, often referred to as the Edge Act. One of them, to be called **Morgan Guaranty International Banking Corporation**, would be a banking company; the other, **Morgan Guaranty International Finance Corporation**, would be an investment company.

"These companies are intended as instruments to help us serve our clients' needs in the international field," Mr. Alexander said. "They will give us added flexibility. Through them, also, we will be able to develop further connections with financial institutions abroad, giving our clients greater access there to the local funds which they frequently desire to obtain."

Approval of the Federal Reserve Board is required for formation of the two companies. Approval of the New York State Banking Board is required for acquisition of their stock by Morgan Guaranty.

* * *

John F. Newman and Jeremiah J. Wolf were named Vice-Presidents of the **Bank of New York.**

* * *

UNDERWRITERS TRUST CO., NEW YORK

	Oct. 6,'59	June 30,'59
Total resources	$51,947,464	$51,018,936
Deposits	47,948,538	44,882,272
Cash and due from banks	6,828,238	8,449,253
U. S. Govt. security holdings	21,301,846	20,801,967
Loans & discounts	20,240,810	18,252,727
Undivided profits	1,705,884	1,652,571

* * *

THE CORPORATION TRUST COMPANY, NEW YORK

	Oct. 6,'59	Dec. 31,'58
Total resources	$4,194,863	$4,088,133
Deposits	269,689	608,353
Cash and due from banks	1,966,537	1,682,571
U. S. Govt. security holdings	600,133	380,650
Undivided profits	750,599	450,115

* * *

The New York Agency of **Bank Leumi le-Israel B.M.** (in translation: **National Bank of Israel, Ltd.**) was officially opened at 20 Pine Street, New York City.

Dr. Foerder also announced the appointments of Gideon Strauss as Agent and Theodore K. Landau as Assistant Agent.

A license to conduct the Bank's New York Agency operations was issued to Bank Leumi last month by G. Russell Clark, Superintendent of Banks of the State of New York.

* * *

John William Hooper, President of the **Lincoln Savings Bank of Brooklyn, New York** died on Oct. 22 at the age of 63.

A Trustee of the Lincoln Savings Bank of Brooklyn since 1943, he became executive Vice-President in 1949 and President in 1950.

* * *

Merger certificate was issued Oct. 9 approving and making effective as of Oct. 9, the merger of **The Manufacturers National Bank of Ilion, Ilion, N. Y.** with common stock of $200,000, into **The Oneida National Bank and Trust Company of Utica, Utica, N. Y.**, with common stock of $1,963,820. The merger was effected under the charter of The Oneida National Bank and Trust Company of Utica, and under the title **"The Oneida National Bank and Trust Company of Central New York,"** with capital stock of $2,128,820, divided into 212,882 shares of common stock of the par value of $10 each.

* * *

RHODE ISLAND HOSPITAL TRUST CO. PROVIDENCE, R. I.

	Oct. 6,'59 $	June 30,'59 $
Total resources	328,053,666	315,179,723
Deposits	279,565,874	279,900,984
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* * *

Four officers and five directors were elected at the organizational meeting of **The Airport Bank of Miami, Fla.** Charles E. Buker, President announces.

Elected Vice-President and Cashier was Edmund F. Eckert, who will be senior operating officer when the Bank opens in International Terminal in early November.

Jack M. Copeland was elected Vice-President and will head the foreign exchange operations of the Airport Bank.

Shareholders also confirmed Mr. Buker as President of the Bank, and Robert E. Hesterberg as Senior Vice-President, positions they held during the organization of the new Bank.

Mr. Eckert was Vice-President at **The Hialeah-Miami Springs Bank,** while Mr. Copeland was Assistant Vice-President for the same institution.

Directors of the Airport Bank include Mr. Buker and Mr. Hesterberg, who are also President and Executive Vice-President of The Hialeah-Miami Springs Bank; James G. Garner, President of the **Little River Bank and Trust Company**; W. C. Herrell, and Hugh D. Lalor.

* * *

By a stock dividend **The Alabama National Bank of Montgomery, Alabama**, increased its common capital stock from $600,000 to $700,000 effective Oct. 9. (Number of shares outstanding — 70,000 shares, par value $10).

* * *

Eugene H. Adams was elected President of the **First National Bank, Denver, Colo.**, to succeed John Evans who resigned and was elected Honorary Chairman of the Board. Mr. Adams has been President since Aug. 8, 1958, when the **International Trust Co.** was merged with the First National Bank. At the time of the merger Mr. Adams was President of International Trust Co.

* * *

The Bank of California has received the approval of supervisory banking authorities to establish a San Francisco branch office at the corner of Sutter and Stockton Streets, it was announced Oct. 16 by Elliott McAllister, Chairman of the Board.

This will be the 14th office to be added by The Bank of California during the past five years. At the present time, the bank has two offices in San Francisco, 13 in the Bay Area, and one each in Portland, Ore. and Seattle and Tacoma, Wash.

* * *

Union Bank, Los Angeles, Calif. offered to holders of its Capital Stock of record as of Oct. 15, the right to subscribe at $38.50 per share to 260,106 shares of Capital Stock at the rate of one new share for each seven shares then held. The right to subscribe, evidenced by transferable Subscription Warrants which are being issued to holders of Capital Stock, expires on Nov. 2.

* * *

Ralph W. Kiewit has been elected Chairman of the Board of **Santa Monica Bank, Santa Monica, Cal.**, according to Aubrey E. Austin, Jr., President. Mr. Kiewit has been a member of the bank's board since August, 1955, and succeeds the late Samuel J. Crawford who died suddenly on Sept. 15, 1959.

* * *

The opening of banking offices on Midway and Kwajalein Islands was announced Oct. 2 by the **Bank of Hawaii, Honolulu, Hawaii.** Both offices opened on Oct. 1.

Buckingham Freight Lines Stk. Issue Offered

An underwriting group headed by Cruttenden, Podesta & Co., on Oct. 27 offered 250,000 shares of class A common stock, $1 par value, of Buckingham Freight Lines. The price is $10 per share.

The proceeds from the stock offering will be used to pay off bank loans and other obligations, and for general corporate purposes.

Buckingham Freight Lines, with its principal executive office in Rapid City, S. Dak., provides scheduled motor service over regular and irregular routes in nine northwestern states and the Canadian provinces of Alberta and Saskatchewan.

Giving effect to the current offering and application of proceeds, capitalization of the company will consist of $5,260,982, funded debt; 250,000 shares of class A common stock, $1 par value; and 250,000 shares of class B common stock, $1 par value.

In the fiscal year ended April 30, 1959, operating revenues were $13,561,446 and earnings after taxes were $557,452, equal to $2.12 per share on the 250,000 shares of class A common being issued and to $1.11 per share on the 500,000 combined class A and class B shares.

Forms Inv. Co.

HOLLYWOOD, Fla. — J. Gordon Katz is engaging in a securities business from offices at 3043 Hayes Street under the firm name of Investment Services Co. He was formerly with Walston & Co., Inc.

John J. Keegan Opens

TEXAS CITY, Tex. — John J. Keegan is conducting a securities business from offices at 425 Tenth Avenue, North.

Present Imperative Need For Advance Refunding

Continued from page 3

rest of the world. Any loss of confidence in our fidelity to sound monetary principles can cause our foreign short-term creditors to shift their balances with a resulting strain on our gold reserves. This need not happen and we do not expect that it will.

No how about here at home? Where do we stand on domestic policies which are required to protect the value of the dollar?

It is becoming evident to those of us who have been in the thick of things in Washingtgon this year that one of the greatest monetary debates since the days of William Jennings Bryan has been shaping up. In 1896, the people of this country overwhelmingly endorsed sound money and a stable currency. Will they do so now in this new set of circumstances?

As I have already indicated, the stakes are high. The maintenance of confidence in our currency is, quite simply, essential to both sound and sustainable economic growth and to our position of world leadership. Like the broad issues of foreign policy, sound money should not be made a partisan matter. It far transcends in significance the questions that can appropriately be debated on a party basis.

Foreign financial institutions, businesses, and individuals have a strong practical interest in the way we handle our affairs; they are, in effect, looking over our shoulder to the tune of about $17 billion.

The United States is a rich country. In many instances, a nation can afford mistakes in policy—even costly mistakes — and still get back to shore. But loss of confidence in the value of the dollar is not one of these instances. It is a different type of problem entirely. The social and economic losses sustained through serious or prolonged erosion of the currency — which is another term for serious or prolonged inflation—are not easily regained. At best, the damage can be repaired only at the cost of a program of austerity. The hardships and inequities which result from inflation cannot be readily equalized; they deeply injure the moral riber of the nation. Worst of all, if the example of many other nations means anything, we would be in danger of losing some of our economic freedoms in a drift toward socialism.

Everyone's Responsibility

At this point, let me say that we must recognize first that a sound money program is not solely a responsibility of the government. An approach on the part of both business and labor which goes beyond just short-run considerations, as well as an informed public opinion, are primary requirements for keeping our economy on a steady upward course. Perhaps I am an optimist, but it seems to me that we can discern progress, even if slow progress, in these directions.

In the government area, the achievement of monetary stability rests on three closely inter-related factors: first, fiscal responsibility in the sense of a balanced budget, or a budget that is at least balanced on the average over a period of years; second, an independent Federal Reserve System that will pursue effective monetary policy; and, third, a sound management of the public debt, which, among other things, requires that the Treasury be granted appropriate latitude in carrying out debt management policy.

The President, the Treasury, and the Federal Reserve stand firmly together in pursuit of these objectives. I would emphasize this because there was mounting evidence in the last Congress that the Federal Reserve had been singled out as the main target for those advocating easy money.

As for a sound fiscal policy, the results of the recent "battle of the budget," as it has sometimes been called, give us confidence that policies aimed at protecting the dollar will receive widespread public support, once there is an understanding of the real issues that are involved. It seems clear that public sentiment, in response to President Eisenhower's leadership, tipped the scales against excessive government spending in the last Congress. This is a battle which never ends. But, thanks to the good sense of the American people, we can report progress on the budget front.

Perhaps the reason why so much attention is centered on the Federal Reserve is that during the war period and up to 1951, the System was not free to put an effective monetary policy into operation. As you know, the low-interest rate rate structure and the support policies which were necessary to maintain these rates during the war years, however justified at that time, did not, particularly after the war when direct wage and price controls were removed, to nullify monetary policy as an anti-inflationary instrument. We are all aware of the results. There are sincere advocates today of once more fixing interest rates by government fiat, supported by heavy Federal Reserve purchases of government securities. Surely our own experience, as well as that of other nations, should warn us against such a course.

I come now to the third essential of a sound governmental financial program; freedom of the Treasury to conduct a flexible and prudent program for management of the public debt.

Soundly Managed Public Debt

As you are aware, debt management is being hampered under present circumstances by the existence of the 41-year old interest rate ceiling of 4¼% on offerings of marketable Treasury issues having a maturity of 5 years or more. At the President's request, the ceiling on Savings Bond interest rates was raised to 4¼% by the last Congress, and certain technical provisions were enacted to facilitate Treasury refunding of outstanding debt issues in advance of maturity. The ceiling on marketables, however, was untouched, despite extended Congressional hearings and the President's statement in a special message to Congress on Aug. 25 that "No issue of greater importance has come before this session of Congress."

Developments since that time have underlined the pressing need for, and the basic wisdom of, early action by the Congress to remove the present ceiling, both to control future inflation and to hold down the cost of interest on the public debt.

Those who advocate holding the Treasury to a rigid interest rate ceiling argue—and I am sure many of them sincerely believe—that such a restriction will hold down interest rates and government borrowing costs. Paradoxical as it seems, however, the interest rate ceiling does not help to keep down interest rates. The most important reason why it does not is that such a ceiling forces the Treasury into the most inflationary type of borrowing — short-term borrowing. Nothing will act more surely to raise long-term rates for all types of obligations, public and private, than a lack of confidence on the part of investors in the future purchasing power of the dollar. And nothing more surely will undermine that confidence than continued inflationary borrowing on the part of the government. Confining the Treasury's borrowing to the short maturity area undoubtedly creates a bias toward inflation.

So long as the present prosperity contributes to a strong demand for credit, the effect of the interest rate ceiling is to lock the Treasury into the one area of maturities — the area up to five years—which is already seriously congested and, therefore, subject currently to excessive upward pressure on interest rates. As a practical matter, the ceiling largely nullifies the Treasury's ability to do advance refunding, a subject I now want to comment upon.

Need for Advance Refunding

Without going too much into the technicalities of the matter, the purpose of advance refunding is to enable the Treasury to keep long-term investors as holders of its securities by offering them an opportunity to exchange for new securities of longer maturity before the passage of time brings the maturity of their current holdings down into the short-term area. It is at this point that the typical long-term investor disposes of his holdings and replaces them with longer-term obligations. Too often at this point he will shift to investments other than governments. We believe advance refunding affords an excellent technique for debt lengthening with a minimum market effect.

The existing 4¼% ceiling is forcing us to concentrate offerings in the under-5-year maturity area. As we have told the Congress, we interpret this ceiling to practically tie our hands in planning advance refundings.

An important objective of the Treasury, in the national interest, is to lengthen the debt whenever conditions are appropriate. Debt lengthening is not an end in itself. The Treasury wants to reduce to a minimum the frequency of new Treasury offerings so as to interfere as little as possible with the orderly marketing of corporate and municipal bonds and to give the widest possible scope to the Federal Reserve for conducting an effective monetary policy. The mere passage of time constantly stortens existing maturities. Thus, the Treasury must take advantage of every appropriate opportunity to push out into the intermediate and long-term areas. But, under the strictures at present placed on us, we are boxed in.

Let me be specific. Out of a total marketable debt of $187 billion at the present time, $76 billion matures within one year; $64½ billion matures within 1 to 5 years; and $46½ billion matures in 5 years and over.

In the very short-term sector —securities maturing within one year — the problem is, of course, how to keep more and more of the debt from piling into this short-term area.

If the Treasury does nothing to extend the debt as it comes due and refunds everything within the 1-year area, the passage of time will increase the volume of under-1-year debt by more than $35 billion in the next 2 years, raising the total from the current figure of $76 billion to over $110 billion in October, 1961.

The problem which the Secretary of the Treasury faces is how to prevent this from happening. Over the last few years, we have been able to live with a short-term debt that runs in the neighborhood of $70 billion; the liquidity needs of the economy seem to justify a short-term debt of about that size. If liquid instruments were not provided by the Treasury, it seems clear that they would be supplied by other liquid market instruments such as commercial paper, acceptances, or time deposits.

However, real difficulties would result if the economy had to absorb over $110 billion of such very short-term debt. Such an occurrence would, first of all, tend to increase rates unduly in the short-term area. In addition, the resulting increase in the volume of liquidity instruments — the next thing to cash—would present serious problems to the Federal Reserve System in its management of the money and credit needs of the economy.

Exchanging One Evil for Another

I mentioned before that the issue of a balanced budget received wide popular approval because it was felt that for the government to continually operate in the red was inflationary. It is pertinent to point out here that, if business continues to expand, the 4¼% interest ceiling, if not removed, will have, over a period of years, the same damaging effect on the economy as continued budget deficits. Both an unbalanced budget and the 4¼% ceiling tend to result in excessive financing through short-term instruments, which have much the character of money, even if not taken by the banks.

Now to consider the 1-to-5-year area where the Treasury is forced to do all of its current financing beyond the very shortest maturities. This area, as I have indicated, is already seriously congested, and our major problem lies right here. During the next two years, another $8 billion of longer-term issues will drop down into it as a result of the passage of time.

To mention one more complication, the heavy financing during World War II in the form of long-term bonds is bringing a very substantial volume of such securities, through the lapse of time, down into the intermediate area where they appeal to a different class of investor. Every counsel of sound debt management requires that attempts should be made to extend this debt while it is still in the hands of holders who prefer long-term bonds.

$20 Billion Is Involved

Clearly, the most hopeful means that we in the Treasury have been able to find of moving toward a more desirable pattern in the distribution of the debt is the advance refunding technique. You will see from my discussion of the various maturity areas that our debt extension problem is not actually a massive one. The Treasury has, in the period since December, 1953, done a pretty good job of minimizing growth of the debt in the under-one-year area. The essential job in the period ahead—if we had the freedom to finance at the going rates of interest over a range of maturities—is to work toward relieving the congestion in the one-to-five-year area. I hesitate to specify an exact figure, but, if, in addition to the extension required to keep even with the erosion caused by the passage of time, we were able, over the next two or three years, to move something of the general magnitude of $20 billion out of the one-to-five-year area into longer maturities, it is our judgment that we would have a reasonably satisfactory structure of the marketable debt.

This is not an easy task, but we believe that it is of much more manageable proportion than many observers assume.

I would say here that we have no intention of trying to go as far as Canada, for example, in attempting to restructure the debt. There are very good reasons why such an extensive plan, involving about 40% of their national debt, would not be practicable here. The Secretary has indicated to the Congress that, when we are able, through removal of the ceiling, to enter into an advance refunding program beyond the five-year area, it is our intention to do so through a series of modest and experimental steps.

The concentration of borrowing in any single area of the market, such as we are now being forced to do, inevitably creates distortions of rates in that area; such distortions spill over and adversely affect the whole market. That is what has been happening in the very short-term area in the last few months. It will happen increasingly in the area up to five years if we are compelled to concentrate our borrowings short of five years by reason of the legislative strait jacket.

It was because the Treasury felt it was imperative to take some of the pressure off the heavy congestion in the under-one-year area that we decided, two weeks ago, to offer a note issue maturing in four years and ten months and to pay a rate of 5% that assured that we would draw $2 billion of true investment funds into the issue. We feel the results have been salutary. Certainly the very short-term rates would have been still higher had we not modestly extended this $2 billion. The results would have been even more salutary had we been able to get some extension beyond five years.

Here let me say that the commercial banks of this country did an outstanding job in marshalling and processing 130,000 separate subscriptions for the note issue—the largest number of subscriptions to any marketable issue since World War I.

So far, I have confined my discussion to marketable issues. Now a word about Savings Bonds.

Defends Savings Bonds New Rate

We in the Treasury consider our Savings Bonds program to be the very heart of our efforts to manabe the debt in a non-inflationary manner. Not only has the program served the nation well in this respect but, supported by a tremendous corps of volunteers, it has been a powerful instrument for the teaching thrift. Millions of Americans would not have started on the road to accumulating savings were it not for the payroll savings and school stamp plans.

We are grateful that the Congress, before its adjournment last month, raised the ceiling on the interest rates we are able to pay on Savings Bonds, even though it would have been preferable to take the rate ceiling off entirely, as we had recommended. The President approved both an increase on the rate on newly-purchased E and H bonds to 3¾% if held to maturity and an upward adjustment in the rate on outstanding E and H bonds. In practically every instance, it is to the owner's advantage to hold his bonds rather than cash them and purchase new Savings Bonds.

We are aware that there are some who believe the Treasury should have fixed a higher rate for Savings Bonds in view of the current rate on marketables. We believe our decision was correct, and I want to tell you why.

Savings Bonds are a hybrid type of instrument. On the one hand, they share one characteristic of the marketable bonds, namely, that the holder has a contract to pay him an agreed rate to maturity which cannot be abrogated by the government if and when interest rates decline. On the other hand, the holder has the right to demand payment at any time 60 days after issue with no loss of principal. This gives Savings Bonds much more the character of a savings account than of a bond. In addition, the holder of an E bond may postpone paying any income tax until final redemption. With the extensions of maturity that have been granted, many holders can postpone redemptions until a time of life when they may be in a

lower tax bracket or subject to no tax at all.

Therefore, because Savings Bonds by their nature more nearly resemble savings accounts, it would seem that the rate of interest on the bonds should be more closely related to the rates paid on institutional savings rather than to the fluctuating rates on marketable bonds. Our statistics show that a rate of 3¾% compares very favorably with the average rate paid over the nation by savings institutions, particularly since the savings account interest or dividend rate may be revised downward, whereas the Savings Bond rate is guaranteed for the full term of the bond.

Denies He Is Pessimistic

I have cited so many problems the Treasury faces, both currently and for the long run, that it may appear that I am concluding on a pessimistic note. That is not my intention.

A nation as strong and productive as the United States should have no serious problem in carrying a debt the size that we have. A balanced budget, or at least surpluses in our good years to offset deficits in occasional bad years, should solve many of the problems that have beset us in the year just passed, when we have had to finance a $12½ billion deficit in the recovery period. Problems such as the 4¼% ceiling, the competition our direct government obligations meet from other quasi-government obligations and tax-free bonds, are, after all, the result of legislative enactments rather than fundamental economic factors. Some of these enactments serve the American people well. Some of them, like the 4¼% ceiling, do not.

Prudent management of our financial affairs—a basic condition of economic well-being in all free countries — is certainly not beyond our reach. All that is needed is a public understanding of what is involved and a determination on the part of our entire poeple to achieve it.

We are entering what is being widely forecast as the most prosperous period of our entire history. Within the next 25 years, we can virtually double the producing capacity of America. We will be creating some 35 to 40 million new jobs to take care of our expanding population. We will have to develop an energy base to meet a demand which may well treble. We and other advanced nations will be sharing know-how and offering a helping hand to the 700 million people in 22 countries who have won political independence in the past 16 years.

These are dazzling opportunities. Barring a serious worsening in the international situation, I believe these goals are attainable —but **only** if we have the informed public opinion, the will, and the courage to maintain sound financial policies which are essential to healthy and sustainable growth.

*An address by Mr. Baird before the Annual Stockholders' Meeting, Federal Reserve Bank of Boston, Oct. 15, 1959.

With Kidder, Peabody

PHILADELPHIA, Pa. — Kidder, Peabody & Co., Fidelity-Philadelphia Trust Building, members of the New York Stock Exchange and other leading exchanges, announce that William F. Morris, Jr. is now associated with them as a registered representative.

Mutual Funds Inv. Corp.

DAYTON, Ohio — Mutual Funds Investors Corp. has been formed with offices at 333 West First Street. Robert E. Kuntz is a principal of the firm.

Philip F. Hartung

Philip F. Hartung, limited partner in Harris, Upham & Co., passed away Oct. 10.

NEWS ABOUT BANKS AND BANKERS

Consolidations • New Branches • New Offices, etc. • Revised Capitalizations

The Chase Manhattan Bank, New York announced plans Oct. 27 for opening a new branch in Manhattan at 241 East 42nd St.

A lease has been signed for space in the 32-story Pfizer World Headquarters Building under construction on the site, which is the northwest corner of East 42nd Street and Second Avenue.

The new branch, which is expected to be opened in the early part of 1961, will be the Bank's 105th office in New York City.

* * *

The Chase Manhattan Bank, New York announced Oct. 21 that its South African subsidiary, **The Chase Manhattan Bank (South Africa) Ltd.**, will open a second branch in the Union of South Africa in December. The new office is in Cape Town.

The bank said present plans, subject to official approval by the South African Government, called for temporary quarters in Radio City Center, Foreshores, in the Cape Town financial district. Permanent quarters will be located in the Africa Life Building now under construction in Thibault Square in Cape Town.

The first Chase Manhattan office in South Africa was opened in Johannesburg on Feb. 11, 1959.

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George E. Becker and James H. Harris were elected Vice-Presidents of **The Chase Manhattan Bank, New York.** Mr. Becker will be in charge of the Metropolitan Branch at 33 East 23rd Street. He joined the bank in 1929. He was appointed an Assistant Manager in 1946 and advanced to Assistant Vice-President in 1951. Mr. Harris, who joined the bank in 1947, was appointed an Assistant Manager in 1953 and Assistant Vice-President in 1958. He will be in charge of the branch at 25 Broadway.

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Chemical Bank New York Trust Co., New York has taken a long-term lease for its new branch office to be located in 80 Pine St., scheduled for occupancy next summer.

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Morgan Guaranty Trust Company of New York has requested approval of the banking authorities for formation of two subsidiary companies to operate in the international field, it was announced Oct. 23 by Henry C. Alexander, Chairman.

The two companies for which authorization is sought would be formed under Section 25 (a) of the Federal Reserve Act, often referred to as the Edge Act. One of them, to be called **Morgan Guaranty International Banking Corporation**, would be a banking company; the other, **Morgan Guaranty International Finance Corporation**, would be an investment company.

"These companies are intended as instruments to help us serve our clients' needs in the international field," Mr. Alexander said. "They will give us added flexibility. Through them, also, we will be able to develop further connections with financial institutions abroad, giving our clients greater access there to the local funds which they frequently desire to obtain."

Approval of the Federal Reserve Board is required for formation of the two companies. Approval of the New York State Banking Board is required for acquisition of their stock by Morgan Guaranty.

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John F. Newman and Jeremiah J. Wolf were named Vice-Presidents of the **Bank of New York.**

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UNDERWRITERS TRUST CO., NEW YORK

	Oct. 6,'59	June 30,'59
Total resources	$51,947,464	$51,018,936
Deposits	47,948,538	44,882,272
Cash and due from banks	6,828,238	8,449,253
U. S. Govt. security holdings	21,301,846	20,801,967
Loans & discounts	20,240,810	18,252,727
Undivided profits	1,705,884	1,652,571

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THE CORPORATION TRUST COMPANY, NEW YORK

	Oct. 6,'59	Dec. 31,'58
Total resources	$4,194,863	$4,088,133
Deposits	269,689	608,353
Cash and due from banks	1,966,537	1,682,571
U. S. Govt. security holdings	600,133	380,650
Undivided profits	750,599	450,115

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The New York Agency of **Bank Leumi le-Israel B.M.** (in translation: **National Bank of Israel, Ltd.**) was officially opened at 20 Pine Street, New York City.

Dr. Foerder also announced the appointments of Gideon Strauss as Agent and Theodore K. Landau as Assistant Agent.

A license to conduct the Bank's New York Agency operations was issued to Bank Leumi last month by G. Russell Clark, Superintendent of Banks of the State of New York.

* * *

John William Hooper, President of the **Lincoln Savings Bank of Brooklyn, New York** died on Oct. 22 at the age of 63.

A Trustee of the Lincoln Savings Bank of Brooklyn since 1943, he became executive Vice-President in 1949 and President in 1950.

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Merger certificate was issued Oct. 9 approving and making effective as of Oct. 9, the merger of **The Manufacturers National Bank of Ilion, Ilion, N. Y.** with common stock of $200,000, into **The Oneida National Bank and Trust Company of Utica, Utica, N. Y.**, with common stock of $1,963,320. The merger was effected under the charter of The Oneida National Bank and Trust Company of Utica, and under the title **"The Oneida National Bank and Trust Company of Central New York,"** with capital stock of $2,128,820, divided into 212,882 shares of common stock of the par value of $10 each.

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RHODE ISLAND HOSPITAL TRUST CO. PROVIDENCE, R. I.

	Oct. 6,'59 $	June 30,'59 $
Total resources	328,053,666	315,179,723
Deposits	279,565,874	279,900,984
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Elected Vice-President and Cashier was Edmund F. Eckert, who will be senior operating officer when the Bank opens in International Terminal in early November.

Jack M. Copeland was elected Vice-President and will head the foreign exchange operations of the Airport Bank.

Shareholders also confirmed Mr. Buker as President of the Bank, and Robert E. Hesterberg as Senior Vice-President, positions they held during the organization of the new Bank.

Mr. Eckert was Vice-President at **The Hialeah-Miami Springs Bank,** while Mr. Copeland was Assistant Vice-President for the same institution.

Directors of the Airport Bank include Mr. Buker and Mr. Hesterberg, who are also President and Executive Vice-President of The Hialeah-Miami Springs Bank; James G. Garner, President of the **Little River Bank and Trust Company;** W. C. Herrell, and Hugh D. Lalor.

* * *

By a stock dividend **The Alabama National Bank of Montgomery, Alabama,** increased its common capital stock from $600,000 to $700,000 effective Oct. 9. (Number of shares outstanding — 70,000 shares, par value $10).

* * *

Eugene H. Adams was elected President of the **First National Bank, Denver, Colo.,** to succeed John Evans who resigned and was elected Honorary Chairman of the Board. Mr. Adams has been President since Aug. 8, 1958, when the **International Trust Co.** was merged with the First National Bank. At the time of the merger Mr. Adams was President of International Trust Co.

* * *

The Bank of California has received the approval of supervisory banking authorities to establish a San Francisco branch office at the corner of Sutter and Stockton Streets, it was announced Oct. 16 by Elliott McAllister, Chairman of the Board.

This will be the 14th office to be added by The Bank of California during the past five years. At the present time, the bank has two offices in San Francisco, 13 in the Bay Area, and one each in Portland, Ore. and Seattle and Tacoma, Wash.

* * *

Union Bank, Los Angeles, Calif. offered to holders of its Capital Stock of record as of Oct. 15, the right to subscribe at $38.50 per share to 260,106 shares of Capital Stock at the rate of one new share for each seven shares then held. The right to subscribe, evidenced by transferable Subscription Warrants which are being issued to holders of Capital Stock, expires on Nov. 2.

* * *

Ralph W. Kiewit has been elected Chairman of the Board of **Santa Monica Bank, Santa Monica, Cal.,** according to Aubrey E. Austin, Jr., President. Mr. Kiewit has been a member of the bank's board since August, 1955, and succeeds the late Samuel J. Crawford who died suddenly on Sept. 15, 1959.

* * *

The opening of banking offices on Midway and Kwajalein Islands was announced Oct. 2 by the **Bank of Hawaii, Honolulu, Hawaii.** Both offices opened on Oct. 1.

Buckingham Freight Lines Stk. Issue Offered

An underwriting group headed by Cruttenden, Podesta & Co., on Oct. 27 offered 250,000 shares of class A common stock, $1 par value, of Buckingham Freight Lines. The price is $10 per share.

The proceeds from the stock offering will be used to pay off bank loans and other obligations, and for general corporate purposes.

Buckingham Freight Lines, with its principal executive office in Rapid City, S. Dak., provides scheduled motor service over regular and irregular routes in nine northwestern states and the Canadian provinces of Alberta and Saskatchewan.

Giving effect to the current offering and application of proceeds, capitalization of the company will consist of $5,260,982, funded debt; 250,000 shares of class A common stock, $1 par value; and 250,000 shares of class B common stock, $1 par value.

In the fiscal year ended April 30, 1959, operating revenues were $13,561,446 and earnings after taxes were $557,452, equal to $2.12 per share on the 250,000 shares of class A common being issued and to $1.11 per share on the 500,000 combined class A and class B shares.

Forms Inv. Co.

HOLLYWOOD, Fla. — J. Gordon Katz is engaging in a securities business from offices at 3043 Hayes Street under the firm name of Investment Services Co. He was formerly with Walston & Co., Inc.

John J. Keegan Opens

TEXAS CITY, Tex. — John J. Keegan is conducting a securities business from offices at 425 Tenth Avenue, North.

AS WE SEE IT *(Continued from page 1)*

ably true enough, but we can not suppress a suspicion that the Administration itself—excepting certain of its advisers, of course—has no adequate understanding of the factors and the forces with which they are undertaking to deal. There is nothing obscure or complex about the need for greater freedom in placing long-term obligations. It is badly needed, and as a practical matter at least it must be clearly understood throughout all those sections of the Administration which have any responsibility in the matter. This demand for a budgetary surplus in good times is, however, a gray horse of quite another color.

Can Not Be Turned On and Off

The first and one of the most disturbing illusions that so often seems to prevail among the neo-Keynesians is that public expenditures can in the nature of the case be turned on and off like a spigot. Experience in the most recent recession should convince even the doubting Thomases that in this practical political world such is simply not the case. Easy and quick manipulation of Federal expenditures is not even theoretically feasible, or so it seems to us, at least without a type and degree of fiscal looseness which so far has not found great public favor—and should never find it. Large public expenditures, if they are to produce any sort of lasting asset take time to plan and to execute. The outflow of such funds is more than likely not to begin in earnest until after the recession they are designed to cure is a matter of history at which time it may be about as unwise to cut them off precipitately as it was to begin them in the first place.

Many current concepts of fiscal management seem also to show all too little concern about facets of good public policy which do not necessarily reveal themselves in current surpluses or deficits. In other words, concern seems far too much centered on the matter of whether current outlays exceed income or vice versa. Naturally, this is one of the vital aspects of the matter, but it is quite possible to have a ruinous governmental financial policy at the same time that surpluses are the rule. Too great a diversion of current income into governmental channels can be very harmful. Even in the surplus years—such as there have been in postwar years—this cardinal sin has taken its toll with great regularity. We need more surpluses not by taking more and more from the public in taxes but by reducing outlays which serve no good public purpose—and their name is legion in this day and time.

Non-Budgetary Items

Another factor which is all too often overlooked or ignored is the inevitable effect of governmental policies and programs which are not included in the budget or in ordinary financial figures of the government in forms which are likely to be seen and understood by the great rank and file. Of course, the astronomical future liabilities under the social security program are familiar to the matriculate—though, of course, probably not to but a very few the country over. The big impact of these undertakings will naturally come at a later date, but the fact is that the scheme now helps the Treasury greatly in financing its requirements today—and thus tends to lessen the pressure which otherwise might exist to proceed more prudently.

Other non-budgetary programs have and have had a more direct effect on current conditions and current problems. Take the various housing programs, for example. Billions of dollars have been put into the hands of millions of individuals which would not have flowed into these channels but for governmental guarantees or the equivalent. These funds have naturally flowed quickly into those branches of business which serve the building trades. The question is certainly an open one as to whether such programs as this are not as essentially inflationary as public expenditures of funds acquired by borrowing—that is deficits. But inflationary effects are not the whole story by any means. Many and serious problems have arisen in the economic sphere by reason of movements which have been made possible and even promoted in this way.

A process of "suburbanization" as it has been called has been under way in this country for several decades. Population, in other words, has been becoming more and more resident of suburbs while the so-called central cities have been growing at a much slower rate, or in some instances not at all. This movement of population has brought many problems — and called upon government at one level or another to expend vast sums in providing highways and other public services. As a recent study shows, and has all along, of course, been rather evident, this draining away of potential population into the suburbs has given rise to "slums" in the larger centers and induced government to finance in one way or another large housing developments to replace so-called slum dwellings, which is another drain directly or indirectly upon the public purse.

Where all this will ultimately lead, the future only can tell, but he who thinks in these circumstances that government can stand at the helm and keep the ship on an even keel is naive indeed.

Stock Market Danger Signals

Continued from page 1

nessed, because of the collapse in the incomes of many corporations during the final two months of that year. Adjusting for this latter development, it is obvious that stocks reached a peak in popularity in 1929 once they were selling at around 17 times the rate of earnings being enjoyed at that time.

The Post-Crash Unpopularity Swing

By 1932, stocks were so very unpopular that they were being priced, on the average, at less than three times demonstrated earning power, and in many cases, below net cash assets per share. The extreme decline in the 1929-1932 period is not likely to be witnessed again for a number of reasons, but this should not blind us to the reasonable possibility of a bear market from time to time of the magnitude of those witnessed on a number of other occasions, including 1937-1938, following the development of general complacency and high prices in relation to average or "normal" appraisals of basic values. (It might be recalled that the popularity of stocks in 1929 was due in part to the fact that we were then being told by our leading economists that the Federal Reserve Board had proved its ability to prevent major business recessions because of the prompt response to the easing of credit in 1924 and 1927. We were also told at that time that stocks would permanently command a premium for scarcity, in view of the number of investment trusts which were being formed, and because a larger number of institutional investors had shown an increase in interest in equities following the publication of Edgar Lawrence Smith's book "Common Stocks as Long-term Investments.")

The 1936-37 Confidence Rise

Stocks became very popular in late 1936 and early 1937, as shown by the fact that they again reached a level equivalent to almost 17 times the rate of earnings reported during these periods. In this period, the rise in the popularity of equities was also based in large measure on confidence that we had found a way of preventing major declines in business activity, with this confidence being supported by President Roosevelt's statement in late 1936: "Don't let anyone tell you that business just happens to be good. We planned it that way." As had been the case at every previous cyclical peak, we were also being assured of well-sustained and rising activity in the capital goods field—without anyone seeming to realize that such expectations are always influenced by the trend of the stock market during the preceding 12 months.

At the recent high of approximately 680 for the Dow-Jones Industrials, this group of stocks was selling at 17 times the $40 rate of earnings which was generally being projected for this year. As things have turned out, this estimate failed to take into account the overproduction and overcapacity in many lines, which are leading to price competition in a variety of fields, from oil to aluminum; and the impact of an unusually long steel strike on the earnings of some companies. As things look today, the Aug. 3 high for the Dow-Jones Industrials will be equivalent to a little more than 18 times this year's earnings for that group of stocks, which I still believe will be in the neighborhood of $37 a composite share.

The Present Near-Peak

From this point of view, the stock market must be considered as being at or near a peak in the popularity cycle, in the 640-680 range. It might be worth noting that this statement is valid even if earnings during 1960 should increase by as much as 10% to 15%, since the market has already "discounted" a $40-$42 level of earnings. (The 1946 high of 212 for the Dow-Jones Industrials was not exceeded for four years, even though income by 1948-1949 had risen to a level of more than 40% above the 1946 totals. More recently, in 1957, earnings rose by about 9% above those of 1956, but this did not prevent a lower range of stock prices in the latter year.)

If we are now to see a full downward swing in the pendulum of popularity - unpopularity of equities, the majority of stocks could decline by 40%-60%. This would not seem unrealistic, as it could still leave average quotations at higher ratios to demonstrated earning power than have been witnessed at almost all of the important cyclical lows in the past 40 years!

II

Stock versus Bond Yields

During the upward swings in the common stock popularity cycle, there is a progressively greater tendency to ignore yields in appraising both the risks and profit possibilities in individual common stocks. This is due in part to the fact that the very speculative securities frequently have the largest percentage advances, even if there is no prospect of substantial dividend payments for some time ahead. Furthermore, since those who are trying to influence the stock market can no longer cite the high rate of return offered by equities as a reason for buying, the propaganda emphasis is shifted to "potential capital gains." As things stand today, even some of our institutional investors who started to buy stocks within the past 10 years primarily because they had been available at double the yields obtainable on bonds, are still favoring equities over fixed-income securities as a result of the shift in emphasis to the theoretical appreciation possibilities versus actual yields.

The record shows that it is necessary to go back to 1929 to find a period when dividend paying stocks had become so popular that they were yielding less than high-grade bonds for a period of almost 12 months. This is rather frightening, even though we realize, as we have always stated, that any subsequent repercussions are quite certain to be much smaller than were those of the early 30s, for obvious reasons.

There is frequently some confusion on this question of yields because of the encouragement by the Dow-Jones statisticians to consider stock dividends of up to 10% as the equivalent of cash dividends. Actually, of course, this is grossly misleading, since a company that declares a 5% stock dividend merely subdivides the number of shares outstanding in the ratio of 21 to 20. To the extent that any investor considered a stock dividend as the equivalent of a cash payment, and sold the shares he had received with this in mind, he would have been doing fundamentally the same thing as he would by selling 5% of his holdings in any other company and considering the proceeds of the sale as a "dividend."

On a **cash dividend** basis, the current yield on the Dow-Jones Industrials is only a little more than 3%. This compares with yields on high-grade bonds of between 4.5% and 5%. Assuming that dividend payments were to be increased, on the average, by 10% before the end of 1960, the yields at current prices would still be less than 3.5%; while a 20% increase in average dividend disbursements would bring stock yields up to about 3.7%. **During cyclical (and/or long-term) buying levels in the past, stocks have been available on a yield basis of between 1½ and 2 times those available on high-grade bonds.** It is obvious from the foregoing figures that unless the bond market were to soar, stocks have a long way to decline before they can be considered attractive or conservative purchases, as judged by this approach.

III

The Business or Earnings Outlook

A little thought will show that while stocks might appear to be high in relation to current earnings, they could still be considered reasonably priced if the earnings' trend were sharply upward. Unfortunately, it is always dangerous to project any recent trend in earnings very far ahead — particularly when productive capacity is in excess of consumer buying power or effective demands. Because of the importance of psychology in the stock market, it is also well to keep in mind the fact that it is easier to sell stocks when the business news is good, with the reverse being true when pessimism as to the business outlook is rampant.

Prospective Overproduction

It is my experience that one of the safest guides as to business prospects may be found in the relationship of current production to consumption, taken together with the level of business inventories. The two are interrelated, of course, in that inventories rise when production exceeds consumption, and tend to keep on increasing after business activity turns downward. On this basis, stocks were definitely in vulnerable territory by the spring of 1956 at a time when the Dow-Jones Industrials first reached the 520 level. The net rise in inventories since last January indicates that production has been running above consumption in at least some lines for quite awhile. The steel and copper strikes have resulted in a reduction in business inventories, **in some lines,** during the past 90 days, but the evidence points toward rather adequate inventories in all fields which have not been affected by the current strikes.

Keeping in mind the fact that consumption has been abnormally high, rather than subnormal, as judged by the extremely sharp rise in consumer indebtedness, there would seem to be just as great a danger at the present time in projecting a rising trend in business activity over the next 12 to 18 months as there was in making similar projections in the spring of 1937. Rising business activity was similarly projected in

the summer of 1957 when the prevailing view was that the trend of business activity would be upward for at least another nine to 12 months. There will be a temporary recovery in business activity following the ending of the steel strike, of course, but unless business men are determined to again overbuild inventories as they did in 1957, and unless past correlations between a changeover from government deficit spending to at least a near-balanced budget (as in 1937) can be ignored: it would seem rather dangerous to look for a resumption of the boom. **The fact that interest rates have risen as much or more in the past 18 months as they did in the five years from 1924 to 1929, and in the three years from 1954 to 1957; and the effect that such changes in charges for the use of money have on the economy support this conclusion.**

IV

Federal Reserve Policies

This is another approach to the appraisal of the business and stock market outlook in which there is frequently a great deal of confusion. Just because the stock market does not decline immediately following increases in the Federal Reserve Board's rediscount rate during the early stages of a cyclical recovery, subsequent increases **which reflect a tightness of credit** are dismissed as being unimportant. Actually, the initial advances represent primarily a cancellation of previous downward moves in interest charges which developed while business confidence was at a low ebb. **The point seems to be overlooked that in the past, whenever the rediscount rate has been brought up to double the level prevailing during the previous cyclical low point in either business activity or in the stock market, it has been a sign that "the party is about over."** The following table will illustrate this point.

Periods in Which the Rediscount Rate Has Been Raised by 100% From a Previous Cyclical Low

Rate Increased to:	Dow-Jones Indus. (close)	Subsequent High	Subsequent Low	Range 1st Q Year Preceding Peak
6%—February, 1920*	103– 90	106	64	82– 73
6%—August, 1929	380–338	381	41†	214–191
3½%—October, 1931	110– 86	117	41	-------
1%—April, 1946	208–201	212	162	162–152
2%—January, 1953	294–285	291	255	276–258
3%—August, 1956	521–496	521	419	420–390
3½%—May, 1959	644–616	678	?	459–437

*Assumes that on the basis of other interest rates, the rediscount rate would have been 3% or less in 1917 if the FRB had been set up at that time.

†November, 1929 low was 199.

As will be seen from the foregoing tabulation, in the past, without exception, the Dow-Jones Industrials have lost all of the gains enjoyed since the first quarter of the calendar year preceding the cyclical peak, following any rise in the rediscount rate to double the level touched at the cyclical low.

The increase in the rediscount rate early last month to 4% from the 3½% level prevailing since May 28—when it was brought up to double the 1¾% charge touched in the summer of 1958—provides a "margin of safety" in this "rule" that it is time for extreme caution in the stock market once money has become so tight that the central bank rate had been increased by 100%. **If the past correlation with the stock market continues to hold, we should now be prepared for a decline in the Dow-Jones Industrial Average into or below the 430-460 range recorded during the first three months of 1958.** Once that level is reached, a substantial rally will probably be witnessed, but it would seem wise to hold up decisions as to whether this is likely to be the final low, or merely the first (or second) downward "leg" of a more important cyclical readjustment. (It might be noted in passing that in my talk before the New York Society of Security Analysts on Sept. 3, 1957, as reported in the *Commercial & Financial Chronicle* on Sept. 5, 1957, I mentioned that a related approach then called for a "probable bear market low of roughly 390-420." The subsequent base for the 1958-1959 advance in the Dow-Jones Industrials turned out to be 416.15.)

V

The Time Cycle

We are placing our discussion of this market forecasting "tool" near the end of our group of five factors because we do not really know as yet just why this particular approach seems to work as well as it has over the past 200 years. (Mr. Edgar Lawrence Smith has been doing a great deal of work in this field, and I would suggest that those interested in pursuing the subject further look into his recently published book "Common Stocks and Business Cycles.") Briefly, this approach tells us that there appear to be three overlapping 10 year cycles, with one of these calling for a six to 12 month downward readjustment in the third or fourth year of each decade; another sharp setback in the sixth or seventh year; with the third decline starting late in the ninth year of each decade. Exceptions to this experience have been witnessed, of course, but with the record showing that man-made decisions seem to cushion or exaggerate the cyclical swings but not prevent them altogether — except on rare occasions.

The only important exception since 1900 to the current implications of our "Timing" Studies was in the 1948-1951 period. The rise in stock prices indicated for 1948, and which normally might have been expected to continue into the summer or fall of 1949, did not develop, and the setback witnessed following the outbreak of war in Korea in 1950 proved to be of very brief duration. This action may be accounted for by the fact that confidence declined very sharply in the summer of 1948, following President Truman's proclamation that if he were elected for a second term, he would fight for a reimposition of excess-profits taxes and other semi-Socialistic policies. As a result, **the Dow-Jones Industrials never sold about nine times the current year's earnings at any time in 1948, 1949, or 1950; and this composite group of issues was still available at below 7 times earnings in both 1949 and 1950.**

To the extent that this particular approach might be kept in mind as a "signal" to double-check more fundamental factors, it tells us that greater emphasis should be placed on bearish rather than bullish interpretations of economic developments during the period immediately ahead.

Conclusion

In bringing this paper to a close, I want to emphasize that there is no single approach to stock market forecasting which has a 100% "batting average." In order to hedge against the ever-present possibility of an overly conservative bias at times such as the present, and because the outlook for some stocks can be considered sufficiently attractive to warrant holding as "permanent" investments I would hesitate to recommend that anyone reduce his holdings of equities to below the 40%-60% level, except on a very temporary and frankly speculative basis. I believe the investor should also continuously review any new developments which might conceivably cancel all of the implications of the approaches outlined herewith.

However, in studying any optimistic predictions being disseminated at times such as the present, when stock prices are high from an historical standpoint, it is always desirable to check the record of the proponents of any bullish point of view. I personally am always anxious to hear the views of any experienced investor or counselor who has firm convictions opposed to my own, provided that the individual can show a record of having turned definitely cautious at around at least one or two of the peaks touched in 1929, 1937, or 1946; and definitely less pessimistic at the subsequent cyclical lows.

I would suggest further always keeping in mind the observations made by Dr. L. Albert Hahn in his book "Common Sense Economics": "It is too often and too easily overlooked that stock market forecasts can lead to gains only when they are minority forecasts. As soon as any opinion about future developments and their effect on the behavior of investors and speculators becomes general, both factors are discounted in the price. . . . Some people think they can enhance the objectivity of their conceptions by consulting a great number of experts and then taking an average of all they have heard. To ascertain a united opinion is useful only for the purpose of acting against rather than in agreement with it. . . . Investors often consult the broker. He, too, is no more than one unit of the mass. Others consult the so-called business leaders among their acquaintances. They forget that business leaders, with few exceptions, are always surprised by any reversals of tendency."

***An address by Mr. Gaubis before the Thursday Investment Club of St. Louis, Oct. 22, 1959.**

SECURITY SALESMAN'S CORNER

BY *JOHN DUTTON*

Putting Some "Sell" Into Your Tax Exempt Story

The concern about inflation is rapidly deflating. The bond market is becoming a more respectable place to put some savings these days. You read about it in the press and the financial publications. It looks as if the cycle is turning more toward some income production and less attention is being paid to the 10c dollars which we may use for money someday. When public psychology begins to turn, and investor interest is aroused by press notices and articles about the attractive bonds that are available, alert investment firms and salesmen begin to look up some merchandise and offer it.

With taxes what they are today, it is amazing that more investment firms do not stress the tax savings that are available in municipal bonds for those in $10,000 to $12,000 net income bracket and upward. Ads appear and state that a tax free income of 4% is available on good bonds. But to the majority of investors they still think of this tax free 4% in the same way as they do when they collect dividends that are taxable. The only time most taxpayers holler is around April 15th. Then you hear stories that your friend Joe Zilch had to borrow $15,000 at the bank in order to have funds for his income tax payments. The radio and television comics get active and for a few weeks the tax eaters get the panning they deserve but always with the reservation that you should be patriotic; good old Uncle needs the dough.

Seriously, the majority of people don't know how much 4% Net *sans tax* actually means to them. The Stock Exchange firm of E. F. Hutton & Co. recently issued a bulletin entitled "Selected Securities" Bargains in the Bond Market. In this well written study they highlighted what tax exemption means in dollars and cents with a table such as this:

Taxable Equivalents

DESCRIPTION—	38% BRACKET $10 m to $12 m of Taxable Income			53% BRACKET $18 m to $20 m of Taxable Income		
Tax Free Bond Yield (A) From State and Municipal Obligations	3.50%	4.00%	4.50%	3.50%	4.00%	4.50%
Equivalent Taxable Yield from Corporate Bonds, Preferred & Common Stocks	5.65	6.45	7.26	7.45	8.51	9.57
Typical Common Stock Equivalent						
If a stock yielded a constant 3% cash dividend,	3.00	3.00	3.00	3.00	3.00	3.00
it is subject to income taxes of	1.02	1.02	1.02	1.47	1.47	1.47
and the net dividend (B) remaining after taxes is	1.98	1.98	1.98	1.53	1.53	1.53
In order to equal the tax free bond yield (A), there must be an annual capital gain (C) of	1.88	2.50	3.11	2.63	3.29	3.96
which would be subject to capital gains tax of	.36	.48	.59	.66	.82	.99
leaving net capital gains (D) after taxes of	1.52	2.02	2.52	1.97	2.47	2.97
which, together with the net dividend equals the tax free bond yield (D + B = A)						
To achieve such an average annual gain (C), stock must double in price in this many years	37	28	23	27	22	18

DESCRIPTION—	75% BRACKET $50 m to $60 m of Taxable Income			90% BRACKET $150 m to $200 m of Taxable Income		
Tax Free Bond Yield (A) From State and Municipal Obligations	3.50%	4.00%	4.50%	3.50%	4.00%	4.50%
Equivalent Taxable Yield from Corporate Bonds, Preferred & Common Stocks	14.00	16.00	18.00	35.00	40.00	45.00
Typical Common Stock Equivalent						
If a stock yielded a constant 3% cash dividend,	3.00	3.00	3.00	3.00	3.00	3.00
it is subject to income taxes of	2.13	2.13	2.13	2.58	2.58	2.58
and the net dividend (B) remaining after taxes is	.87	.87	.87	.42	.42	.42
In order to equal the tax free bond yield (A), there must be an annual capital gain (C) of	3.51	4.17	4.84	4.11	4.77	5.44
which would be subject to capital gains tax of	.88	1.04	1.21	1.03	1.19	1.36
leaving net capital gains (D) after taxes of	2.63	3.13	3.63	3.08	3.58	4.08
which, together with the net dividend equals the tax free bond yield (D + B = A)						
To achieve such an average annual gain (C), stock must double in price in this many years	20	17	15	17	15	13

All you get out of any investment is income after taxes. Whether you take this income every six months by clipping some free interest coupons, or you have $4.50 left after Uncle comes along and takes his bite out of your $7.26 in dividends you received in the $10,000 pretax bracket, or only $4.50 after he clips you on your $18 dividend in the $50,000 pretax bracket, it is all the same. But when you are going along piling up dividends for 12 months and then you turn around next year and find out that you owe him the lion's share of that income after you have taken a big risk with a box full of common stocks that would have to double in from 18 to 37 years (as outlined in the foregoing table, depending upon your bracket and what you received in tax free income) to equal 3½%, 4% or 4½% tax free from some good bonds that's another story.

I have not stated the complete picture as it is as well portrayed in this excellent E. F. Hutton & Co. study. Nor have I outlined some of the attractive yields possible on A, AA, and AAA bonds that are offered. This is the kind of fact finding and information that thoughtful investors are beginning to take seriously these days.

Named to Scudder Fund

Thomas W. Phelps, manager of Economics and Special Studies Departments, Socony Mobil Oil Company, has been elected to the Board of Directors of the Scudder Fund of Canada, Ltd., it has been announced.

Following his graduation from the University of Minnesota, Mr. Phelps successively was City Editor of the Minneapolis Journal, Chief of the Washington Bureau of the Wall Street Journal, and Editor of Barron's Weekly.

Just prior to his association with Socony Mobil, Mr. Phelps was general partner and economist with Francis I. duPont & Co.

Joins Joseph, Mellen

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Paul D. Millenbruck has joined the staff of Joseph, Mellen & Miller, Inc., Union Commerce Building, members of the Midwest Stock Exchange.

Prescott Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Gilbert P. Schafer, Jr. has been added to the staff of Prescott & Co., National City Bank Building, members of the New York and Midwest Stock Exchanges.

With Campbell, Robbins

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Ore. — Eugene T. Porter has become associated with Campbell & Robbins, Inc., U. S. National Bank Building. He was formerly with Walston & Co., Inc. and Zilka, Smithers & Co.

Daniel Rice Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Nicholas M. Lambert has become affiliated with Daniel F. Rice and Company. 141 West Jackson Boulevard, members of the New York and Midwest Stock Exchanges. Mr. Lambert previously was with E. F. Hutton & Company.

Bache Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — James D. Craig has been added to the staff of Bache & Co., National City East Sixth Building.

Joins H. O. Peet

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — John P. Jones has joined the staff of H. O. Peet & Co., 23 West 10th Street, members of the New York Stock Exchange. He was formerly with Lehman Brothers in New York.

Dempsey-Tegeler Adds

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—August J. Sabadell and Cathryn M. Will have been added to the staff of Dempsey-Tegeler & Co., 1000 Locust Street, members of the New York and Midwest Stock Exchanges.

Savings and Loan Business And Pending Legislation

Continued from page 14

business, but other groups such as stock exchanges, banks and so forth. It is hoped that a program will be devised, educational or otherwise, which will bring home to taxpayers their duty and liability to report this type of income on accounts where the interest or dividends have been entered but not paid out in cash. If a program cannot be devised which certain senators and congressmen think is productive of results, there is a possibility of an attempt to impose on savings and loan associations and related institutions withholding requirements. In such event, it would be applied across the board to banks, corporations, and the government itself in the payment of interest on bonds. Needless to say, such a program would be quite expensive.

Another solution would be to require reporting of dividends paid of $100, or another figure, instead of the present figure of $600. This solution would not be nearly as burdensome as a withholding requirement.

Other Bills

Other bills that have passed Congress include one prohibiting holding companies in the savings and loan business. This bill is on the President's desk for signature and is probably of no great interest to savings associations except for the battle that arose. This bill had passed the House twice and the Senate once without objection except in committee hearings. Then in the Senate on the last go-round, a stock versus mutual argument was raised and the bill was stalled in the Senate. It was finally cleared by the Democratic Policy Committee after its effective period was limited to one and one-half years. In the meantime the Federal Home Loan Bank Board is to submit to Congress a study on this situation.

It appears the decks are being cleared for early Senate hearings next year with one side arguing that the Holding Company Bill should be regulatory and not prohibitive as it is now, and the other side arguing for divestiture.

On this general subject it may be noted that a bill had just been introduced by Senator Frear of Delaware, the purpose of which is stated to be the preservation and strengthening of the dual banking system of the United States in the public interest and establishing that the regulation and supervision of State banking is primarily a matter for the banking department of the various States.

Another bill on the President's desk would increase the number of directors on the Federal Home Loan Bank Board of San Francisco occasioned by the addition to the Union of the States of Alaska and Hawaii.

Another bill sponsored by the American Bar Association would give greater protection to the priority of mortgages held by savings and loan associations over the tough and rigid Federal tax liens. It is hoped that hearings will be held this fall on that bill.

Congressman Multer of New York has introduced in this session of Congress a bill to create a Federal mutual savings bank system with supervision in the Federal Home Loan Bank Board. He had introduced previous bills but none of them have been acted upon. The State of Washington and the State of Minnesota have laws on the books permitting conversions of State-chartered savings and loan associations to mutual savings banks. A few conversions have occurred in the State of Washington. The State of Pennsylvania is furthering a similar law for the conversion of State-chartered savings and loan associations into mutual savings banks. In Pennsylvania, a U. S. District Court has held that a conversion from a Federal savings and loan association to a State-chartered savings and loan association was valid and proper and did not need the approval of the Federal Home Loan Bank Board as a condition precedent thereto. The State law required the approval of the State Commissioner to conversions from State-chartered savings and loan associations to Federal associations. This was interpreted to be approval only as to corporate form.

Congress adjourned Sept. 16 by sunrise.

Pressures to Regulate Competition

Increases in dividend rate, increased tempo of promotional activities of certain managers over the past few years, and the change of the incidence of competition from that outside the industry to intra-industry competition, has caused a substantial clamor from within the industry for regulatory or statutory devices to control this competition. This is probably the most persistent single pressure in Washington at the moment. Commissioner Clark yesterday suggested that rate ceiling control should be brought out into the open and discussed.

First, I should like to point out, in this connection, the difficulty confronting commercial banks as a result of the 3% ceiling imposed on savings deposit interest rates. Although efforts were made to persuade Washington to increase the rate earlier this year, the request was denied. As it developed, rates paid by banks on savings accounts fell steadily behind the market rate and because of the ceiling, banks had no recourse.

Then to be considered is the fact that most savings and loan associations are mutual. Equal consideration is to be given the member investor as there is to be given the member borrower.

How can you argue that interest rates should properly seek their own market level without admitting that dividend rates should seek their own market level!

Dividend rate control itself would not be so bad if it were not accompanied by other controls. But the government trend is for government controls to settle all problems.

Federal savings and loan associations were created in the midst of an over-all national depression. They were an entirely new type of savings and loan association, attempting to consolidate in one corporate form of organization the best in 48 States. Savings and loans in the 48 States varied very sharply, and no particular form or corporate setup predominated.

As a result of this divergency, coupled with the fact that it arose at a time of emergency in the savings and loan business, detailed rules and regulations were prescribed, not only for Federal savings and loan associations, their creation and adoption, but also for the state-chartered insured institutions. The result was, and is today, detailed pages of regulations in fine print, exceeding those applicable to any other financial institution.

In national bank regulation and supervision, the concern is with unsound practices or acts committed in violation of specific laws. Even these acts are not subjected to drastic penalties until the supervisory authorities consider that the situation has reached the point where the bank's financial situation has become dangerous.

Pressures to Extend Government Control

But pressures from the savings and loan industry itself have called upon the Federal Home Loan Bank Board to go further in its regulation and supervision than mere financial soundness and prescribe what they as government administrators consider is best for the industry or the shareholders or the public.

This substantially broadens the concept that government supervision should only protect financial soundness. What is the legal basis for further regulation that would not apply to all corporations or individuals? Is it mutuality? Is the savings and loan business a public utility or are we striving for what socialists advocate, that government control over all phases of operation is better than individual private enterprise control?

I recognize there are degrees of Federal control. But control and regulation based on financial soundness is something lawyers and courts can measure, but control on the basis of what government administrators consider is best for the industry is a government of men and not of law. I know of no way to measure such determinations.

It is true that the private enterprise system upon which our country has been built is wasteful, inefficient, based on trial and error and on individuality and self-interest. There appears to be an industry trend to supplant this with a perfect system where there would be no mistakes, no trial and error and no self-interest.

In 1903, the railroads imposed upon themselves the Elkins Act designed to eliminate devasting intra-industry competition. They went from this step to what was tantamount to government administration of their management problems. A director of a railroad told me recently that he did not see why the board of directors bothered to meet since all their problems were determined for them by the government or the labor unions. The railroads have demonstrated themselves to be inept in dealing with outside competition.

In a perfect system, quick administrative decisions are required, with decisive policing and without interference from courts of law or state authorities. In such a setup, the system becomes the supreme deity. Man's rights and management rights become subservient. As stated by a government representative in a court of law proceeding involving a federal association, the association continues on and is what is protected, not the manager. This contrasts sharply with our American devotion to individuality and aggressive self-interest.

The President of the Savings Association League of New York, in his report recently, mentioned rulings and legal opinions with which the League disagrees and with which we disagree. Perhaps this is an attempt to set up a perfect system from the standpoint of the government rather than to permit the interplay of private enterprise ingenuity wherever possible.

Facing Increasing Competition

Although the principal competition in savings and loan business is, at the moment, intra-industry, formidable opposition is looming on the horizon. The banks have stepped up their tempo of activity, mutual funds have made steady increases, Federal credit unions have grown by leaps and bounds so that savings and loan associations would not appear to be in any position to seal themselves off from outside competition.

Consideration of regulations and statutes on a principle basis is treated by the industry as old fashioned. Rather the test imposed is one of necessity. William Pitt has said "Necessity is the plea for every infringement of human freedom. It is the argument of tyrants; it is the creed of slaves."

A few industries have opposed subsidies or restrictions on a principle basis rather than by measuring them by need or immediate good to the individual. Farmers are an example although besieged by low prices and a waning economy. There are a few others, not many. It would appear that the savings and loan industry by its own election prefers the easy road that most are taking.

The solution involves limiting regulations and supervisions to the protection of the financial safety and soundness of the institution, and discouraging statutes, regulations and supervision that go beyond this objective. This should enable management to have a reasonable freedom of action in its decisions and operation of the association. A strong industry in a strong private enterprise country.

*An address by Mr. Heisler before the Savings Association League of New York, Lake Placid, N. Y.

Overloading the Donkey

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housing administration, Federal national mortgage association, the Federal administration, the Veterans Administration, the numerous loan programs in the field of education. In the field of foreign affairs we have the Department of State making loans, the Export-Import Bank, the Development Loan Fund, and of course, we are members of the International Monetary Fund and the International Bank for Reconstruction and Development, which has a string of subsidiaries in being or pending. By offering loans at below-market rates, these government programs offer bargains that are irresistible, and it is almost impossible to meet the demands, for obvious reasons; to see the point, just ask yourself how much you would like to borrow if you could get a perpetual loan at a zero interest rate.

It is perfectly obvious that running these almost countless programs with offices in Washington and regional, state and local offices scattered across the land and, in many cases, offshore in foreign lands, is all very expensive merely to administer, and to say nothing about the under-priced loans which are dished out, some of which are never repaid. They involve pressure on the Treasury to raise money. Many programs involve contingent liabilities. They help explain the fact that some people, here and abroad, are beginning to wonder about the plight of the Treasury and the integrity of the dollar.

The Interest Rate Situation

Interest rates have risen throughout the world and may go higher, both here and abroad. Savings are inadequate. Last month Canada refunded some of its public debt with yields as high as 6.61%. The Canadian Central Bank rediscount rate reached 6.4% in August, although ours is only 4%—but may go higher. The prime rate at commercial banks is 5%. Prime commercial paper (four to six months) has increased from a rate of 1.5% in July, 1958 to over 4% recently.

This rise in interest rates will become a major political issue in 1960. The fiscally irresponsible politicians and others who don't like to pay for what they get or what they would like to give to the voter are accusing "Wall Street," the Federal Reserve, or the Administration for these high interest rates. But none of these is the primary cause. Congressional spenders and Congressional program builders are, possibly, more responsible for the current high interest rates than any other group in the country.

If the sentiment spreads that the Congress is reckless and is not willing to cover its expenditure programs with taxes, we may end up in a serious crisis, with national as well as international repercussions.

If we are "overloading the donkey," then only if less essential public and private spending and investment programs are shelved on time, we can bring our ends and means together. The threat of a crisis can be softened and even removed.

Budget-Making Process

While the Administration is required to bring out the budget projecting expenditures as well as revenues, the Congress has no such unified approach.

Now we have a House and a Senate committee responsible for recommending taxes, but they have little or no voice over expenditures. Other Senate and House committees consider and vote for legislation programs and policies. There is no coordination, even within the House or within the Senate to look at these programs *as a whole*. Furthermore, the numerous separate Appropriation Committees have the final authority in appropriating funds, again with no coordination of the whole.

At no time does our legislative body look at the budget as a whole in terms of expenditures or in terms of prospective revenues. When spending, revenue, and debt measures are acted upon by different committees at different times, one can expect only chaos and "overloading the donkey."

It would be most helpful if the United States Treasury or the Bureau of the Budget would submit to Congress, in a dramatic and effective way, perhaps once a month, estimates of all the revenue in sight and the prospective expenditures, so that Congress would be forced to act in a more responsible manner, just as all of us in our family or business budgets must weigh expenditures in the light of revenues in sight.

"Back-door" financing (avoiding the appropriation procedure) is another irresponsible approach. The launching of new programs and enlarging existing ones is the main cause of the Treasury plight. Congress fixes by law "certain benefit levels to which citizens or industries or states or cities are entitled by right. Laws fix farm benefits, veterans' benefits, public assistance grants, hospital grants, sewage treatment grants, education grants in 'impacted areas,' maritime grants, highway grants, aviation grants and many others. The beneficiaries apply and the appropriations committees usually have no choice but to supply the funds."[2]

Action

What can be done to restrain government growth—over-growth, recognizing that as the economy grows and population increases, *the proper* functions of government must also increase, roughly in proportion?

(1) The proposer of any new program in Congress should be required by the rules of the Congress to include as close an estimate of the tax costs as is possible. By rule, the Congress should be required to debate the costs *as well as* the merits of the program. Democracy has been defined as government by discussion. If all

the facts are brought into the open, we will get better government than silence. (Was there any discussion in Congress or the press of the tax cost of the new labor act passed in 1959, "to bring democracy to labor unions"?)

(2) If a program is of "the nose in the tent" type, this should be made evident; estimates should be made of the probable growth of the program over the years. (Had Congress been able to foresee the cost of the farm-support programs 10 or 15 years ago, it is doubtful that these programs would have grown to their present scandalous size.)

(3) Congress should adopt rules requiring frequent and accurate reporting which would list *all revenues* in sight for fiscal periods and *all* commitments, obligations and expenditures of public money, and all indebtedness and contingent liabilities, based on previous legislation as well as pending legislation and programs. A specific committee in each house should receive these reports, perhaps monthly, and they should be discussed on the floor of the Senate and House for not less than one hour as frequently as they become available. In this way, both legislative bodies (and the public) could see the picture as a whole.

(4) Congress should provide itself with a "center of financial management" in which all budgetary and fiscal activities of the Federal Government are considered in relation to each other. The organization of committees in Congress is such that a series of several different committees deal with particular parts of the fiscal process, but no adequate mechanism exists to coordinate their efforts or to see the picture as a whole — the neglect of which would wreck your family or business budget.

(5) Congress should make the budget justifications prepared by Federal agencies in support of their budget requests available to the public as soon as they are presented to Congress. Under present budgetary procedures the public does not receive information on the justifications presented by Federal agencies to support their budget requests until the House Appropriations Committee has completed its recommendations and made its report to the House of Representatives. At this stage it is usually too late for the public or its representatives to form an opinion which can have practical impact.

(6) Government research groups, taxpayers associations, chambers of commerce, trade groups—citizens generally, should so organize themselves that these problems become a clear responsibility of some individual, division or committee, in order that there will be continuous study, reporting and publicity on government waste, non-essential and less-essential expenditures, and particularly new and expanding government programs; it doesn't do much good to preach economy in general. But by organizing to do something about it, and focusing responsibility, much can be accomplished.

The case is not hopeless. The pressures do not come from the masses; the masses never make public demands, unless their position is abruptly reversed. The pressures come from key individuals and organized groups. These must be identified, analyzed and the strength of their case assessed. Often the problems they stress can be met by private or voluntary group action. If so, counter-pressures must be developed, based on facts, sound analysis and logic, with skillful presentation.

Epilogue

We have been "overloading the donkey." He needs a rest and to have his load lightened. The talk of monetary crisis can be made to go away. The case is not hopeless. The country is still strong, as are our institutions.

Let me conclude with some consoling thoughts from the sage from Baltimore, the late H. L. Mencken (the preface of *A Mencken Chrestomathy*):

"Those who explore the ensuing pages will find them marked by a certain ribaldry, even when they discuss topics commonly regarded as grave. I do not apologize for this, for life in the Republic has always seemed to me far more comic than serious. We live in a land of abounding quackeries, and if we do not learn to laugh, we succumb to the melancholy disease which afflicts the race of viewers-with-alarm. I have had too good a time of it in this world to go down that chute. I have witnessed, in my day, the discovery, enthronement and subsequent collapse of a vast army of uplifters and worldsavers, and am firmly convinced that all of them were mountebanks. We produce such mountebanks in greater number than any other country, and they climb to heights seldom equalled elsewhere. Nevertheless, we survive, and not only survive but also flourish. In no other country known to me is life as safe and agreeable, taking one day with another, as it is in These States. Even in a great depression few, if any, starve, and even in a great war the number who suffer by it is vastly surpassed by the number who fatten on it and enjoy it. Thus my view of my country is predominantly tolerant and amiable."

Then Mencken expressed some skepticism about democracy and said:

"But I am perfectly willing to admit that it provides the only really amusing form of government ever endured by mankind."

When the outlook gets too gloomy or too ponderous, let us try to maintain the optimism of Mencken, the pessimist!

*Address by Dr. Schmidt before the National Conference of Governmental Research Association, West Point, New York.

1 See: George Terborgh, "Effect of Corporate Income Tax on Investment," Machinery and Allied Products Institute, Washington, D. C., 1959.

*The New York *Times*, New York, July 8, 1959.

Prospects for an Industry That Has Found Itself

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moved to meet the growing demand for light steels, alloy steels, stainless steels and other specialty steels needed by industry. As a result, the cheapest metal is more than ever the most versatile metal of all.

We have funneled increasing millions of dollars into research; not only product testing and development, but fundamental research into matter, energy and processes, looking to the needs of the future.

We have poured billions of dollars into modernization, in addition to the money we have spent on expansion. As a result, we have made substantial gains in efficiency, a key factor in improving our earnings picture.

But the proof of steel is in the testing. How did the industry stand up under pressure during the recent recession? Again, let's use Republic as an example.

Taking the first and second quarters of 1953 as a base—a period when we were operating at better than 100% of capacity—our income before Federal income taxes was 15.3% on sales. In the two worst quarters of the recession of 1954, operating at 65.6% of capacity, our income before Federal income taxes dropped only to 12.3%. In the two worst quarters of the recession of 1958, **operating at 44.7% of capacity,** we did almost as well. Our income before Federal income taxes dropped only to 11.6% of sales.

To my mind, these figures are among the most significant to the investment market today. It is simple, incontestable proof that the steel industry has learned to keep on its feet when the going is rough.

Throughout this worst recession of the postwar years Republic did not relax its standards of quality and service. We did not renege on our obligations to employees or stockholders. And, thanks to the efficiency we have been able to build into our plants, we made money. This was a fitting climax to a decade and a half of unprecedented progress, and our experience was the rule, rather than the exception throughout the industry.

Having achieved this degree of efficiency and stability, we can look toward the opportunities in the years ahead with great expectations. All signs point to a record year for 1960. We anticipate that Gross National Product will reach well over the half trillion dollar mark — probably around $515 billion.

As for steel, the situation looks extremely promising. Automobiles and capital goods, for example, are on the rise, with a probable production of around seven million passenger cars, and capital expenditures near $37 billion. Steel consumption of other industries will be up, with the possible exception of construction. Add in a sizable amount of steel to restore inventories of steel users to good working levels in 1960, and a reasonable estimate of steel ingot production would be a new record between 120 and 130 million tons.

This is a gratifying prospect, but it is only a step in the upward trend of our economy if we keep our wits about us. We must continue to raise efficiency and improve business practices. We must work hard to develop our human and natural resources. We must steadily increase our expenditure for research and development. We must continue to fight inflation. We must increase our efforts to educate the public in the meaning of free enterprise, and to help them realize their stake in the profit system.

I think these things will be done. During the past few decades we have learned that no **business**—as well as no man—is an island. We have long known that what is good for business is good for people. But now we know that what is good for people is good for business, too.

This is a tremendous challenge to business, and business is meeting it head on. In Republic, in the steel industry, in nearly every company I know, businessmen of good will are charting tomorrow's progress—not only for their stockholders and customers; not only for their employees—but for the American way of life.

*An address by Mr. White before the National Association of Investment Companies, Oct. 22, 1959.

With DiRoma, Alexik

(Special to The Financial Chronicle)

SPRINGFIELD, Mass.—Adrienne D. Kendrick and Richard C. Healy, Jr. have joined the staff of DiRoma, Alexik & Co., 1387 Main Street. Mr. Healy was previously with Keller Brothers Securities Co., Inc.

RAILROAD SECURITIES

St. Louis-San Francisco

Revenues and earnings of St. Louis-San Francisco in the early months of the year ran well ahead of those of a year ago. However, results in the third quarter were adversely affected by the long steel strike. Agricultural products have provided a degree of stability to earnings and for the full year it is estimated net income will approach $3.25 a common share as compared with $2.71 reported in 1958. This would cover the indicated $1 annual dividend rate comfortably.

Revenues in the first eight months of the year showed a gain of 10.5% over the like 1958 month, while expenses were up 6.7%, reflecting higher maintenance costs. This year Frisco is accruing Federal income taxes as compared with a credit a year ago, but nevertheless net income (January-August) advanced to $1.72 a common share against 72 cents in the like period of last year.

Grain traffic has shown an increase and piggyback shipments also has aided the volume of traffic. The opening of the new Chrysler assembly plant at St. Louis also should help traffic in coming months. The Frisco currently is hauling eight automobiles on one flat car from the St. Louis plant to Texas for an average of approximately $425 per flat car. This compares with an average of about $150 a freight car on the hauling of general freight.

Frisco is concentrating on the development of its piggyback service to regain traffic lost to trucks. Most of this business moved at a relatively high rate. An indication of the high-rated traffic lost is that the road in 1958 had a revenue per ton-mile total of 1.32 cents compared with 1.46 cents for the industry. It is expected increased industrialization in the service territory also will be a larger factor in improving revenues.

Maintenance expenditures has continued at a high level. It is significant that bad-order freight cars were down to 1.7% on Sept. 1, one of the lowest ratios in the railroad industry. Progress also has been made in reducing losing passenger trains. Passenger train-mileage was reduced 8.7% in 1958 and for the first seven months of this year the reduction amounted to 19.4%. On a direct cost basis, the passenger deficit in 1958 amounted to $2,100,000 as compared with $2,400,000 in the preceding year and further reductions are anticipated this year. Based on the latest figures of 12 month results, passenger revenues now account for only about 2.1% of gross revenues.

Frisco controls 71% of the Central of Georgia equities. These holdings are expected to be placed in a trust with an independent trustee. Court rulings have stopped the company from working more closely with the Georgia, particularly with respect to the elimination of duplicate facilities which would save operating expenses. It is estimated that for 1959, the equity in undistributed earnings of the Central of Georgia should total around $1,800,000 or $1 a share on Frisco common.

Frisco also owns 50.03% of New Mexico & Arizona Land Company, which has interesting possibilities over the longer term. The Land Company owns over 623,000 acres in New Mexico and Arizona and retains oil, gas and mineral rights to about 730,000 acres of land formerly sold.

As of July 31, cash and cash equivalents amounted to $13,320,000 and current liabilities were $21,198,000. Net working capital was $12,805,000 as compared with $11,319,000 a year earlier. Depreciation charges exceed 1959 equipment maturities and sinking fund requirement by some $1,770,000.

Tang Industries Stock Offered

David Barnes & Co., Inc., of New York City, on Oct. 15 publicly offered 160,000 shares of common stock (par 10 cents) of Tang Industries, Inc., at $3 per share as a speculation.

Tang Industries, Inc., a corporation organized under the laws of the State of Delaware on May 14, 1959, intends to engage in the business of developing, manufacturing, processing and distributing semiconductor materials, such as silicon and indium alloys, semiconductor devices such as transistors, and diodes, and other electronic and electrical products such as tachometers and transistor heat radiators. To date, the company has made sample sales of single crystal silicon and sold several tachometers and consequently, may not be considered as actually engaged in commercial production of any of the above-mentioned products. The company conducts its operations through a wholly-owned subsidiary, Tang Industries, Inc., a Massachusetts corporation organized on Jan. 12, 1959. The company acquired all of the outstanding common stock of the Massachusetts corporation from Mr. Hsiung Yuan Tang, President of the company, in exchange for 160,000 shares of the company's authorized common stock.

Airtronics Int'l Stock Offered

The firm of Frank B. Bateman, Ltd., Palm Beach, Fla., as underwriters on Oct. 26 offered 200,000 shares of the common stock of Airtronics International Corp. of Florida at $1.50 per share. The shares were offered as a speculation.

Proceeds from the sale of the stock will be used by the company to repay an outstanding loan, accounts payable, a short-term bank note, and for additional working capital to increase inventory.

Airtronics International Corp. of Florida, with its principal plant and offices located at Fort Lauderdale, Fla., is engaged in the design, development, manufacture and sale of specialized electronic equipment for the telephone, communications, aircraft, and guided missile industries. Well-known companies doing business with Airtronics include: 10 of the operating companies of American Telephone & Telegraph Co., General Telephone & Electronics Corp., Electronic Communications, Radio Corp. of America, General Electric, Westinghouse Electric, The Martin Co., and others. Airtronics has also entered into contracts for the manufacture of equipment and component products for the various branches of the Armed Forces.

Outstanding capitalization of the company upon completion of the financing will consist of 753,853 shares of common stock; $80,500 in 6% convertible notes; $142,720 in 6% mortgage notes, due in 1969, payable in equal monthly instalments; and $80,000 in notes payable, due in 1965, payable in equal quarterly instalments.

White Adds to Staff

BLOOMINGTON, Ill. — Emil J. Wichman has joined White & Co., 216 West Washington Street.

Hilton Hotels Debs. Offered

An underwriting group headed jointly by Carl M. Loeb, Rhoades & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc., today (Oct. 29) is offering $30,000,000 Hilton Hotels Corp. 6% subordinated sinking fund debentures due 1984 with common stock purchase warrants. The offering is being made in units of $1,000 principal amount of debentures with warrant attached, entitling the holders to buy 15 shares of Hilton common stock at $42 per share to and including Oct. 15, 1963; at $46 thereafter to and including Oct. 15, 1967, and at $50 thereafter to and including Oct. 15, 1971, the expiration date of the warrants. The units are priced at $1,000 each, plus accrued interest from Oct. 15, 1959. Debentures may be surrendered at par in payment for stock purchased upon the exercise of warrants. Warrants may not be detached or exercised until Feb. 1, 1960.

Proceeds from the financing, and from borrowing under a long term standby credit negotiated recently with the First National Bank of Boston, will be used for the completion and development of downtown hotels in San Francisco, Denver, Pittsburgh and Portland and for the development of Hilton Inns. At the present time five additional Inns are or will shortly be under construction. They are to be located in Tarrytown, New York, adjacent to the Tappan Zee bridge over the Hudson River; in Aurora, Ill., adjacent to the tollway into Chicago, and adjacent to the Atlanta, El Paso and Seattle airports.

The debentures will be redeemable after Oct. 15, 1964 at a scale of prices beginning at 105%, plus accrued interest. Sinking fund redemptions may be made at par plus accrued interest. The sinking fund is to redeem $600,000 principal amount of debentures annually, 1965 through 1969. Thereafter to maturity it is to redeem annually one-fifteenth of the debentures outstanding on Oct. 15, 1969.

Hilton Hotels Corp. and its subsidiaries now operate 37 hotels and inns with a total of approximately 26,500 guest rooms, located in 32 cities throughout the world. This includes leased hotels in San Juan, Madrid, Istanbul, Mexico City, Panama, Havana, Montreal, West Berlin, Cairo and Acapulco. Additional leased foreign hotels are under construction in Trinidad, Athens, Rotterdam and Amsterdam.

Hilton owns approximately 34% of the stock of Hilton Credit Corp., which was formed recently to develop a universal credit card business.

Robert G. Lewis Adds

(Special to The Financial Chronicle)

ROCKFORD, Ill. — Randolph G. Lundeen has been added to the staff of Robert G. Lewis & Company, Rockford Trust Building, members of the Midwest Stock Exchange.

With Nelson Burbank

(Special to The Financial Chronicle)

BOSTON, Mass. — Harry Troutwine has become connected with Nelson S. Burbank Company, 80 Federal Street.

Joins Tucker, Anthony

(Special to The Financial Chronicle)

BOSTON, Mass.—Robert S. Wolcott has joined the staff of Tucker, Anthony & R. L. Day, 74 State Street.

Joins Erwin & Co.

(Special to The Financial Chronicle)

DURHAM, N. C.—Finley T. White has become affiliated with Erwin & Co., Inc., 111 Corcoran St.

STATE OF TRADE AND INDUSTRY

Continued from page 4

were destined for commercial use, but disruptions should be minor.

Because of the strike, the industry had lost $3,060,000,000 in sales and steelworkers $1,020,000,000 in wages through Friday. About $584,000,000 was also lost by the industry because of overhead, depreciation, and salaries of nonproduction workers in steel. Tax losses to the U. S. Government were estimated at $660,000,000. If mills had remained open, 28,300,000 ingot tons of steel would have been produced.

The general economy will start perking up once most of the nation's steelworkers are back in the mills, but a slow upturn is in the offing, "Steel" said.

Carloadings should be the first to respond to renewed steelmaking as producers rush coal and iron ore to their plants.

Electricity output, which has held up well because of record residential consumption, will inch ahead as the steel mills swing into full production.

A slow advance is in store for steel production, which will have the biggest impact on the economy.

Auto assemblies are just beginning to be affected by the steel shortage. If auto producers can hold out until finished steel starts coming from the mills, any further adjustments may still be minor.

Last week, steelmaking operations continued to register 13% of capacity. Production was about 368,000 ingot tons.

"Steel's" composite on No. 1 heavy melting grade of scrap is unchanged at $44.33 a gross ton, but dealers look for a sharp rise when steel mills reopen.

The brass mill industry is undergoing a quiet evolution, "Steel" reported. Mills are going heavily into rare metals as well as aluminum to get away from full dependency on copper and its alloys. They are also adopting more fabricating techniques. Examples: Powdered metallurgy, impact extrusion, and permanent mold castings.

Car Loadings Down 16.6% From 1958 Week

Loading of revenue freight for the week ended Oct. 17, 1959, totaled 580,768 cars, the Association of American Railroads announced. This was a decrease of 115,635 cars or 16.6% below the corresponding week in 1958, and a decrease of 146,044 cars or 20.1% below the corresponding week in 1957.

Loadings in the week of Oct. 17, were 21,988 cars of 3.9% above the preceding week. It is estimated that about 170,000 additional cars would have been loaded in the current week if there had been no steel strike. Based on these week-to-week estimates the cumulative loss is now approximately 2,170,000 cars.

Steel Output Based on 13.0% of Capacity

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *22.9% of steel capacity for the week beginning Oct. 26, equivalent to 368,000 tons of ingot and steel castings (based on average weekly production of 1947-49) as compared with an actual rate of 23.1% of capacity and 371,000 tons a week ago. [ED. NOTE: A strike in the steel industry began Wednesday, July 15.]

Actual output for the week beginning Oct. 19 was equal to 13.1% of the utilization of the Jan. 1, 1959 annual capacity of 147,633,670 net tons. Estimated percentage for this week's forecast is 13.0%.

A month ago the operating rate (based on 1947-49 weekly production) was *22.5% and production 362,000 tons. A year ago the actual weekly production was placed at 2,024,000 tons, or 126%.

*Index production is based on average weekly production for 1947-49.

Electric Output 4.8% Above 1958 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Oct. 24, was estimated at 12,762,000,000 kwh., according to the Edison Electric Institute. Output decreased by 99,000,000 kwh. below that of the previous week's total of 12,861,000,000 kwh. but showed a gain of 588,000,000 kwh., or 4.8% above that of the comparable 1958 week.

Car Output Down Sharply Owing to Steel Strike

The first major cutback in automobile production because of steel shortages was indicated Oct. 23 by "Ward's Automotive Reports."

The statistical agency said car output in the week ended Oct. 24 was slashed an estimated 16%, down to 111,487 units, or nearly 22,000 units from previous week's total when the industry had reached its highest '60 model weekly production of 133,430 units.

However, "Ward's" added that the industry will probably reach about 70% of its projected October schedule of 640,000 cars.

"Ward's" said labor troubles also contributed to the latest week's production setback. The automotive reporting firm said a wildcat walkout by nearly 4,000 workers at Chrysler Corp.'s Jefferson assembly plant in Detroit limited production of Chrysler cars to about 20% of last week's turnout.

"Ward's" said five-day scheduling was predominant in car assembly plants the week, except for two- and three-day periods at nine Chevrolet facilities. Production of Ford Motor Co.'s "Falcon" small car was limited to three days at plants in Lorain, O., and Kansas City, Mo.

The "Imperial" plant in Detroit worked only four days as did the "Corvair" site at Willow Run, Mich.

"Ward's" said cutbacks also were evident in the truck-building industry which scheduled an estimated 2,600 units less than last week (23,954).

The 1959 car-truck production total to date (5,719,498) is ahead of 1958 (3,703,891) by 54%.

Lumber Shipment 7.3% Below 1958 Week

Lumber shipments of 476 mills reporting to the National Lumber Trade Barometer were 6.4% below production for the week ended Oct. 17, 1959. In the same week new orders of these mills were 9.0 % below production. Unfilled orders of reporting mills amounted to 36% of gross stocks. For reporting softwood mills, unfilled orders were equivalent to 17 days' production at the current rate, and gross stocks were equivalent to 44 days' production.

For the year-to-date, shipments of reporting identical mills were 0.6% above production; new orders were 0.1% above production.

Compared with the previous week ended Oct. 10, 1959, production of reporting mills was 3.3% above; shipments were 2.1% above; new orders were 3.0% above. Compared with the corresponding week in 1958, production of reporting mills was 1.6% below; shipments were 7.3% below; and new orders were 4.2% above.

Business Failures at Three-Week Low

Commercial and industrial failures dipped slightly to 250 in the week ended Oct. 22 from 252 in the preceding week, reported Dun & Bradstreet, Inc. At a three-week low, casualties were down appreciably from the 275 occurring last year and the 281 in 1957. Continuing below the pre-war level, failures were one-sixth lower than in the comparable week of 1939 when the toll was 300.

All of the week's decline took place among small casualties, those involving liabilities under $5,000, which fell to 22 from 31 in the previous week and 49 a year ago. On the other hand, failures with liabilities of $5,000 or more edged up to 228 from 221 a week earlier and 226 last year. Liabilities ranged above $100,000 for 25 of the failing businesses, as against 16 of this size in the preceding week.

Manufacturing casualties dipped to 49 from 55, retailing to 114 from 119, and construction to 36 from 43. Contrasting increases during the week lifted the toll among wholesalers to 24 from 16 and among commercial services to 27 from 19. Most of the downturn from last year's level occurred in retailing. Failures in manufacturing, wholesaling, and construction came within one or two cases of their 1958 totals, while service casualties ran higher than in the previous year.

Geographically, lower tolls were reported in only four of the nine major regions. In the Pacific States, casualties dropped to 59 from 69, while the South Atlantic toll was off to 20 from 27, and the East North Central to 32 from 39. Increases prevailed in five regions, including the Middle Atlantic where failures edged to 86 from 81. Year-to-year trends were also mixed; failures increased from 1958 in four regions, fell off in four regions, and held even in one. The sharpest rise occurred in the East South Central States, while the most marked drop occurred in the West South Central.

Twenty-four Canadian failures were recorded as compared with 56 in the preceding week and 30 a year ago.

August New Business Incorporations at Monthly Record For Fourteenth Time in a Row

While the number of new business incorporations in August fell appreciably from July, the level was the highest for any August on record, reports Dun & Bradstreet, Inc. This was the fourteenth consecutive month that a monthly record was set. The August total was 14,329, down to 13.5% from the prior month's 16,562, but 17.1% above the prior August record of 12,234 set last year.

The number of concerns chartered for the first eight months of this year came to 133,891, a record for the period. This was a sharp gain of 40.7% over the 95,167 of the comparable period last year.

The consensus of opinion is that much of the sharp increase in incorporations begun last Fall was due to the approval on Sept. 2, 1958 of the Technical Amendments Act which provided for tax advantages for small corporations and encouraged many small proprietorships and partnerships to incorporate. Of course, it would be difficult to estimate what proportion of the rise resulted from this legislation and how much was due to recovery from the recent recession.

Wholesale Food Price Index Edges Up

After four consecutive weeks of declines, the wholesale food price index, complied by Dun & Bradstreet, Inc., moved up in the latest week. On Oct. 20 it stood at $5.89, up 0.5% from the $5.86 of a week earlier, the 1959 low. It compared with $6.25 a year ago for a decline of 5.8%.

Moving higher in wholesale cost this week were wheat, rye, oats, hams, bellies, lard, butter, sugar, milk, coffee, cocoa, potatoes and hogs. On the down side were flour, corn, barley, eggs and steers.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Up Moderately From Prior Week

Reflecting price increases on most grains, lard, coffee, butter and livestock, the general commodity price level rose moderately this week. The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., stood at 277.77 (1930-32=100) on Oct. 26, compared with 276.25 a week earlier, and 275.32 on the corresponding date a year ago.

Increased domestic and export buying was primarily responsible for a marked rise in wheat prices during the week. News of unfavorable weather conditions in some growing areas helped rye prices edge up; purchases expanded and offerings were light.

Although supplies of corn were limited, buying picked up and prices moved up somewhat from the prior week; corn prices are expected to decline soon as heavy receipts in most markets are reported. Although domestic purchases of rye faltered, export buying picked up, and prices climbed slightly from a week earlier. Trading in soybeans was sustained at a high level and prices matched those of the preceding week.

As a result of small farmer marketings, flour prices moved up moderately, but trading remained at the prior week's level. Although rice buying was sustained at a high level, prices dipped somewhat; sizable commitments were made to Cuba and it is expected that India will be interested in buying sizable quantities.

Although sugar trading was sluggish this week, prices were close to the prior period. There was another appreciable rise in

coffee buying and prices were moderately higher. Increased buying prompted cocoa prices to edge up somewhat from a week earlier.

Cattle receipts in Chicago expanded this week, but were noticeably below a year ago; there was a substantial rise in steer prices as trading moved up. Trading in hogs was appreciably higher, and prices climbed moderately from the preceding week. The salable supply of lambs climbed noticeably and trading picked up; wholesalers reported a marked rise in lamb prices.

Prices on the New York Cotton Exchange moved within a narrow range this week, and finished unchanged from a week earlier. In the week ended Oct. 22, purchases in the 14 major markets totaled 451,200 bales, compared with 379,300 bales in the prior week and 400,400 in the comparable week a year ago.

Consumer Buying Moderately Exceeds Year Ago

Continued cool clear weather in many areas stimulated consumer buying this week, offsetting the growing effects of the steel strike. Over-all retail trade was up moderately from the similar 1958 week in the week ended Oct. 21, with the most noticeable gains in men's and women's apparel, furniture, and new passenger cars. Appliance sales were moderately over a year ago, but dealers in some cities reported limited supplies.

The total dollar volume of retail trade in the week ended this Wednesday was 1 to 5% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1958 levels by the following percentages: East North Central and Mountain +4 to +8; Pacific Coast +3 to +7; West South Central +2 to +6; Middle Atlantic +1 to +5; New England, West North Central, and East South Central 0 to +4; South Atlantic —4 to 0.

An upsurge in sales of women's sportswear and moderate increases in coats and suits helped boost over-all volume in women's apparel moderately over a year ago; purchases of dresses and fashion accessories also showed appreciable year-to-year gains. After several weeks of sluggish activity, the buying of men's apparel rose considerably from the prior week and was up appreciably from a year ago; best-sellers were topcoats, suits, and sweaters. Interest in sports coats and slacks lagged. The call for girls' and boys' merchandise was sustained at a high level.

Volume in furniture moved up from the prior week, with interest centering on occasional tables, upholstered chairs, and bedding; sales were appreciably over a year ago. Appliance dealers reported the most noticeable year-to-year gains in radios, television sets, and laundry equipment. Sales promotions helped purchases of linens climb noticeably over last year, and interest in floor coverings and draperies was moderately higher.

Housewives moderately stepped up their purchases of food this week. They were primarily interested in dairy products, frozen foods, baked goods, and fresh produce. Sales of canned goods and fresh meat remained close to a week earlier.

Another appreciable increase in wholesale volume occurred in women's cruisewear and sportswear this week, and sales were noticeably over a year ago. There was a moderate advance in orders for women's Spring merchandise, especially dresses, coats, and suits. While several wholesale markets reported high sales of men's Spring suits, interest in sportswear was sluggish. In preparation for the Christmas selling season, retailers stepped up their buying of men's furnishings.

Transactions in cotton print cloths expanded noticeably this week, but volume in most other gray goods remained at prior week levels. Another marked rise occurred in trading in industrial fabrics and man-made fibers. While bookings in woolens and worsteds edged up, interest in carpet wool lagged. Incoming orders at dyeing and finishings plants in New England matched those of a week earlier.

Furniture wholesalers reported substantial gains over both the prior week and a year ago in case goods, upholstered chairs, and bedding, with much interest in better-priced merchandise. However, orders for Summer outdoor furniture in Chicago were sluggish. There was a moderate rise in the buying of appliances during the week, especially lamps, refrigerator, and laundry equipment. The call for floor coverings rose substantially, and volume in linens and draperies was sustained at a high level.

Increased buying of rice, flour, eggs, fresh meat, and frozen foods helped over-all food volume at wholesale rise slighly from the prior week. Interest in canned goods, butter, cheese, and fresh produce was steady.

Meat production rose 5% from the prior week and was 3% higher than a year ago; pork output was at the highest level for any week since last February. Although butter processing matched that of a week earlier, it was down 4% from the comparable 1958 period.

Nationwide Department Store Sales Up 10% for October 17 Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's Index for the week ended Oct. 17, increased 10% above the like period last year. In the preceding week, for Oct. 10, an increase of 3% was reported. For the four weeks ended Oct. 17 a 4% increase was registered and for Jan. 1, to Oct. 17 a 7% increase was noted.

According to the Federal Reserve System department store sales in New York City for the week ended Oct. 17 increased 6% over the like period last year. In the preceding week Oct 10 a 3% decrease was shown. For the four weeks ended Oct. 17 no change was reported over the 1958 period. Jan. 1 to Oct. 17 showed a 2% increase.

Now With Bache & Co.

(Special to The Financial Chronicle)

RALEIGH, N. C.—Lewis K. Denning is now with Bache & Co., 130 South Salisbury Street.

With Pacific Coast Secs

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Gerald Goldstein is now connected with Pacific Coast Securities Company, 1054 Broxton Street.

Lefferdink Adds

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Christ Riza has been added to the staff of Lefferdink & Co., 150 Sansome Street.

Mittleberg Adds

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Robert S. Delue is now with Mittleberg Company, Inc., 2369 Ocean Avenue.

Florida Power Bonds Offered

Merrill Lynch, Pierce, Fenner & Smith Inc. and Kidder, Peabody & Co. were joint managers of an underwriting syndicate which offered on Oct. 28 an issue of $20,000,000 Florida Power & Light Co. first mortgage bonds, 5¼% series due Nov. 1, 1989, at 101.519% and accrued interest, to yield 5.15%. Award of the bonds was won by the group at competitive sale held on Oct. 27 on its bid of 100.43%.

The new bonds will be redeemable at general redemption prices ranging from 106.77% to par, and at special redemption prices starting at 101.52% and declining to par, plus accrued interest in each case.

Net proceeds from the financing will be used by the company for expansion and improvement of its facilities and for other corporate purposes. It is estimated that the company's 1959-60 construction program will approximate $153,500,000 of which about $72,500,000 will be expended in 1959, with $39,254,000 spent through July 31.

Florida Power & Light Co. supplies electricity in most of the territory along the east coast of Florida, the agricultural area around southern and eastern Lake Okeechobee, the lower west coast area, and portions of central and north central Florida. Electric service is supplied in 481 communities, the largest of which are Miami, Fort Lauderdale, Coral Gables, West Palm Beach, Miami Beach, Hialeah, Hollywood, Daytona Beach and Sarasota.

For the 12 months ended July 31, 1959 the company had operating revenues of $149,285,000 and net income of $26,642,000.

Two With Tucker Anthony

(Special to The Financial Chronicle)

BOSTON, Mass.—John K. Beeten and Nathaniel S. Weiner are now with Tucker, Anthony & R. L. Day, 74 State Street. Mr. Beeten was previously with Paine, Webber, Jackson & Curtis.

Three With Di Roma

(Special to The Financial Chronicle)

SPRINGFIELD, Mass. — Armand J. Billieux, Camille Morin and William Roberts Jr. have become connected with Di Roma, Alexik & Co., 1387 Main Street.

With Dempsey-Tegeler

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn — Warren L. Miller is now with Dempsey-Tegeler & Co., 114 South Ninth Street.

Three With Edling Williams

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn. — William E. Elsham, Hugo Hendricks and Leslie H. Starr have been added to the staff of Edling-Williams & Associates, Inc., 614 East Grant Street.

Joins Lee Higginson

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn. — Carl E. Anderson is now with Lee Higginson Corporation, Northwestern Bank Building.

La Hue Inv. Adds

(Special to The Financial Chronicle)

ST. PAUL, Minn. — Myron M. Hoffman has been added to the staff of La Hue Investment Co., 111 Pioneer-Endicott Arcade.

Joins I. M. Simon

(Special to The Financial Chronicle)

ST. LOUIS, Mo.—John P. Stephen has been added to the staff of I. M. Simon & Co., 315 North Fourth Street, members of the New York and Midwest Stock Exchanges.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Cincinnati Gas & Electric Company

Cincinnati Gas & Electric Company was incorporated over 120 years ago as a small gas supplier and has had an unbroken dividend record for 106 years. Revenues have increased from $55 million in 1948 to $128 million in 1958. However, with the decline in the percent earned on net property from 8.1% to 6.1%, there has been only a moderate net increase in share earnings in this period—from $1.60 to $1.85; and for the 12 months ended June 30, 1959 earnings declined to $1.79. However, the company is now seeking several rate increases which are expected to restore earning power.

The company and its subsidiaries supply electricity and gas to the City of Cincinnati and adjoining territory, and also a portion of northern Kentucky and a small area in Indiana. System territory is in the center of a rapidly growing industrial area, with some 40% of U. S. population within 400 miles. Population served is about 1,350,000 including 326 communities served by electricity and 75 with gas. Electricity contributes 61% of revenues and gas 39%. Residential and rural customers contribution 40% of electric revenues, commercial 25%, industrial 26% and miscellaneous 9%. Gas revenues are obtained as follows: Domestic 60%, commercial 17%, industrial 17% and miscellaneous 6%; gas space heating is important, with about 70% saturation.

The company has three steam plants with aggregate capacity of 1,060,000 kw and an average heat rate of 11,092 btu per kwh. In recent years it has been buying from Kentucky strip mines at relatively low prices (averaging 23¢ per million btu last year) so that the average cost of producing power is only about 3.8 mills, well below the U. S. average. A new unit of 165,000 kw was placed on the line in July 1958 and a similar installation is scheduled for 1961. The company has a 9% equity interest in Ohio Valley Electric Corp. which supplies a large amount of power to atomic energy plants in Ohio.

The company buys its gas from the Columbia Gas System; last year purchased gas cost averaged about 45¢ per mcf, and the overall selling price about 72¢. A further increase in the price of gas appears to be on the way but the company is protected by escalator clauses. Underground propane storage capacity is being built. While 1958 gas operations were affected by a decline in industrial sales, cold weather and the increased number of customers more than offset this factor, and peak day send-out was 6% larger than in 1957.

An adverse factor in recent earnings was the increase in the depreciation rate, beginning July 1, 1958, of about $1 million per year (based on the recommendation of an independent engineering firm). This increase, presumably without affect on income taxes, was equivalent to 13¢ a share on the common stock per annum.

The company is spending about $31 million this year for construction; $42 million is budgeted for 1960 and about $40 million in later years. It sold 130,000 shares of preferred stock and 451,000 shares of common stock in March 1958, providing over $25 million of new capital and lowering the debt ratio to about 46%. Thus the company is now in a position to obtain capital from sale of debt securities and it will probably be unnecessary to raise equity money again for about two years, although a small amount of stock may be sold to employees next year.

Because of the several regulatory jurisdictions, the program to obtain increased rates is somewhat complicated. Negotiations have been completed with the City of Cincinnati resulting in a new gas rate ordinance, effective for the period July 1, 1959 to June 30, 1964, which will increase the company's revenue $250,000 annually. Changes in the escalator provision will generally limit future escalation to changes in suppliers' gate rates for gas, and in taxes. Hearings are expected to begin in the near future in respect to the company's application, filed in April 1958, for a $2,240,000 annual increase in nonordinance electric rates in areas outside Cincinnati, Norwood and St. Bernard. The company also proposes to negotiate electric rate ordinances providing for increases totaling $535,000 with all municipalities served in this area. Electric rate ordinances in Cincinnati expire during 1960.

The Kentucky subsidiary, Union Light, Heat and Power, is also seeking rate increases. Hearings have been held before the Public Service Commission of Kentucky for an increase in gas rates of $808,000; this increase, it is understood, has now become effective subject to refund. In July this year Union Light also requested an increase in electric rates of $969,000, and the new rate may be made effective Jan. 7, 1960, subject to refund.

In Ohio, state law permits a rate base of cost of reproduction less depreciation. With 1958 earnings on a mid-year book-cost rate base of only 6.7% and only about 6% on a similar year-end rate base, the company would seem clearly entitled to higher rates in that state, since cost of reproduction is materially in excess of original cost. If the company is successful with rate applications now pending, the results should restore earnings to above the $2 level, it is estimated. The effects of the steel strike have probably been small thus far—the largest company in the area, Armco, has been operating at about half capacity since it is not fully involved in the strike.

Cincinnati Gas & Electric is selling currently around 32 (range this year 37-31½) and pays $1.50 to yield 4.7%. It is selling at 17.9 times the earnings for the 12 months ended June 30, or about 16 times estimated normal earnings.

Joins Quinn Staff

(Special to The Financial Chronicle)

DENVER, Colo.—Donald M. Bell has joined the staff of Quinn & Co., 828 Seventeenth Street. He was formerly with Purvis & Co.

With Cruttenden, Podesta

(Special to The Financial Chronicle)

LINCOLN, Neb. — Daniel C. Arendt is now affiliated with Cruttenden, Podesta & Co., Trust Building.

Suburban Secs. Adds

(Special to The Financial Chronicle)

CLEVELAND, Ohio — George E. Atzberger has been added to the staff of Suburban Securities Co., 732 East 20th Street.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

Abbott-Warner Co., Inc.
Aug. 12 (letter of notification) 62,500 shares of common stock (no par). **Price**—$2.78 per share. **Proceeds**—To prepare estimates and to submit bids, as a prime contractor on specialized construction projects. **Office**—123 Denick Ave., Youngstown, Ohio. **Underwriter**—Strathmore Securities, Inc., 605 Park Bldg., Pittsburgh 22, Pa.

Abco, Inc.
Oct. 5 (letter of notification) 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For plant and equipment, and working capital. **Office**—411 W. 5th St., Los Angeles, Calif. **Underwriter**—Baron, Black, Kolb & Lawrence, Inc., Beverly Hills, Calif.

• Acme Missiles & Construction Corp. (11/12)
July 24 filed 200,000 shares of common stock (par 25c), of which 150,000 shares will be offered for public sale for the account of the company, and 50,000 shares will be offered for the accounts of the present holders thereof. **Price**—$6 per share. **Proceeds**—For general corporate purposes, including additional personnel, office space, equipment, and the provision of funds necessary to compete for certain contracts. **Office**—2949 Long Beach Road, Oceanside, L. I., N. Y. **Underwriter** — Myron A. Lomasney & Co., New York.

Aeronautical Electronics, Inc.
Sept. 21 (letter of notification) 78,350 shares of common stock (par $1) to be offered for subscription by stockholders of record Oct. 1, 1959 for one full share but not in excess of five shares. Rights expire 30 days after offering. **Price**—To be supplied by amendment. **Proceeds**—For construction, purchase of inventory and additional working capital. **Office**—Raleigh-Durham Airport, P. O. Box 6527, Raleigh, N. C. **Underwriter**—None.

Aircraft Dynamics International Corp.
Sept. 25 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—229 S. State Street, Dover, Del. **Underwriter**—Aviation Investors of America, Inc., 666 Fifth Avenue, New York 19, N. Y.

• Alaska Consolidated Oil Co., Inc.
Sept. 17 filed 3,000,000 shares of common stock (par five cents). **Price**—$2.50 per share. **Proceeds**—For further development and exploration of the oil and gas potential of the company's Alaska properties. **Office**—80 Wall St., New York. **Underwriter**—To be supplied by amendment. **Offering**—Expected in about three to four weeks.

★ Albright Bond Mortgages
Oct. 19 filed $2,000,000 of Albright bonds, of which Albright Title & Trust Co. is the trustee. The bonds are to be sold for cash in multiples of $50, and Albright savings bonds will be issued and sold for cash in any amount deposited by the investors. **Proceeds**—To be invested in real estate mortgages. **Office**—Newkirk, Okla.

★ All American Engineering Co.
Oct. 21 (letter of notification) 25,000 shares of common stock (par 10 cents) to Raymond C. Forsnas in Exchange for 2,000 shares of Hyair Corp., the market value of which is stated to be approximately $8. **Office**—DuPont Airport, Wilmington, Del. **Underwriter**—None.

Alliance Tire & Rubber Co. Ltd.
Sept. 9 filed 100,000 shares of class A stock. **Price**—$12.60 per share, payable either in cash or in bonds issued by the State of Israel. **Proceeds**—For expansion. **Office**—Hadera, Israel. **Agent** — Harry E. Brager Associates, Washington, D. C., and New York. **Offering**—Expected any day.

Allied Producers Corp.
Oct. 8 (letter of notification) 300,000 shares of common stock (par 20 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—115 Louisiana St., Little Rock, Ark. **Underwriter**—None. The offering is to be made by John L. Dedde, President of the issuing company.

Allied Small Business Investment Corp.
Sept. 29 filed 100,000 shares of common stock (par $8). **Price**—$11 per share. **Proceeds**—To be used to provide equity capital and long-term loans to small business concerns. **Office**—Washington, D. C. **Underwriter**—To be supplied by amendment.

American Boatbuilding Corp.
Sept. 29 (letter of notification) 100,000 shares of common stock (par 15 cents). **Price**—$3 per share. **Proceeds**—For additional working capital, to pay off a note and for expanding and improving the boat building business. **Office**—Division Street, Warwick, R. I. **Underwriter**—Frank P. Hunt & Co., Inc., Rochester, N. Y.

American Educational Life Insurance Co.
Sept. 15 filed 3,800,000 shares of class A common stock (par $1), (voting), and 950,000 shares of class B common stock (par $1), (non-voting), to be offered in units of four shares of class A stock and one share of class B stock. **Price**—$25 per unit. **Proceeds**—For general corporate purposes. **Office**—Nashville, Tenn. **Underwriter**—Standard Securities Corp., Third National Bank Bldg., Nashville, Tenn.

American & Foreign Power Co., Inc. (11/2-6)
Oct. 7 filed 220,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—Will go to selling stockholder, Electric Bond & Share Co. which upon completion of the offering will hold 52.3% of the total outstanding stock of American & Foreign Power Co. **Underwriters** — Lazard Freres & Co. and The First Boston Corp., both of New York.

American Investors Syndicate, Inc.
June 25 filed 600,000 shares of common stock (par 10 cents), and 200,000 shares of 6% preferred stock (no par value, $9 stated value), to be offered in units consisting of 3 shares of common ($1 each) and 1 share of preferred ($9). **Price**—$12 per unit. **Proceeds**—For construction and related expenditures. **Office**—513 International Trade Mart, New Orleans, La. **Underwriter**—Lindsay Securities Corp., New Orleans, La. The SEC had scheduled a hearing, to begin on Sept. 2, which will determine whether a stop order will be issued suspending the offering. As of Oct. 21, no decision had been rendered.

American Motorists Insurance Co.
Sept. 22 filed 166,666⅔ shares of capital stock (par $3), being offered to holders of outstanding shares of such stock of record Oct. 26, 1959, in the ratio of one new share for each eight shares then held; rights to expire on or about Nov. 27. **Price**—$12 per share. **Proceeds**—To raise the ratio of its capital stock, surplus, and surplus reserve to premium writings, to increase underwriting capacity, and for general corporate purposes. **Office**—4750 Sheridan Road, Chicago, Ill. **Underwriter**—None.

American Service Life Insurance Co.
Sept. 14 filed 375,000 shares of common stock, of which 300,000 shares are to be publicly offered. **Price**—$3.50 per share. **Proceeds**—For general corporate purposes, including, possibly, the acquisition of similarly engaged companies. **Office**—113 Northeast 23rd Street, Oklahoma City, Okla. **Underwriter** — First Investment Planning Co., Washington, D. C.

★ American Telephone & Telegraph Co. (11/17)
Oct. 22 filed $250,000,000 of 27-year debentures, due Nov. 1, 1986. **Proceeds**—For general corporate purposes. **Office**—195 Broadway, New York City. **Underwriter**—To be determined by competitive bidding. Probable bidders: The First Boston Corp. and Halsey, Stuart & Co. Inc. (jointly); Morgan Stanley & Co. and Kidder, Peabody & Co. (jointly). **Bids**—Expected to be received before 11:30 a.m. (EST) on Nov. 17 at Room 2315, 195 Broadway, New York, N. Y.

• Ampal-American Israel Corp. (11/2-13)
July 30 filed $3,000,000 of five-year 5% sinking fund debentures, series G, due 1964, and $3,000,000 of 10-year 6% sinking fund debentures, series H, due 1969. **Price**—At 100% of principal amount. **Proceeds**—To develop and expand various enterprises in Israel. **Office**—17 E. 71st Street, New York. **Underwriter**—None. **Offering**—Expected later this year. Statement effective Oct. 8.

• Anodyne, Inc., Bayside, L. I., N. Y. (11/2-6)
Sept. 9 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—For expansion and general corporate purposes. **Underwriter**—Ross, Lyon & Co., Inc., New York, N. Y.

Anthony Pools, Inc.
Sept. 28 filed 200,000 shares of outstanding common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—5871 Firestone Boulevard, South Gate, Calif. **Underwriter** — Marron, Edens, Sloss & Co., Inc., New York. **Offering** — Expected in November.

Anthony Powercraft
Sept. 3 (letter of notification) 241,200 shares of 5% cumulative convertible preferred stock to be offered for subscription by common stockholders at the rate of two preferred shares for each three shares of common stock held. **Price**—At par ($1 per share). **Proceeds**—To purchase inventory, new tools, construction and for working capital. **Office**—5871 E. Firestone Boulevard, South Gate, Calif. **Underwriter**—None.

• Architectural Plastics Corp. (11/2)
Sept. 30 (letter of notification) 260,686 shares of common stock (par $1) to be offered for subscription by stockholders (with a 15 day standby) and then to the public. Of the total shares to be offered, 103,430 shares are under options and subscriptions. **Price** — $1.25 per share. **Proceeds**—For relocating and improving manufacturing plant; advertising, additional inventories and working capital. **Office**—1355 River Rd., Eugene, Ore. **Underwriter**—Zilka, Smither & Co., Inc., Portland, Ore.

• Arizona Fertilizer & Chemical Co. (11/4)
Sept. 24 filed 100,000 shares of common stock (par $2.50) of which 75,000 shares are to be offered for the account of the issuing company, and 25,000 shares for the accounts of the present holders thereof. **Price** — Around $9 per share. **Proceeds** — For general corporate purposes, including the provision of funds for the expansion of Cortez Chemicals Co., a subsidiary, the addition to working capital of the issuing company, and the partial liquidation of its unfunded indebtedness. **Office**—734 East Southern Pacific Drive, Phoenix, Ariz. **Underwriters** — Mitchum, Jones & Templeton, Los Angeles, Calif., and Walston & Co., Inc., New York.

★ Arkansas Power & Light Co. (12/8)
Oct. 23 filed $15,000,000 of first mortgage bonds, series due 1989. **Proceeds**—For construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Stone & Webster Securities Corp. (jointly); Blyth & Co., Inc. and Dean Witter & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc. and Kidder, Peabody & Co. (jointly); Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly). **Bids**—Expected to be received up to 11:30 a.m. (EST) on Dec. 8.

Associations Investment Fund
Aug. 28 filed 400,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For investment in common stocks. **Office**—301 W. 11th Street, Kansas City, Mo. **Underwriter**—Jones Plans, Inc., a subsidiary of R. B. Jones & Sons, Inc.

• Atlantic City Electric Co. (11/19)
Oct. 20 filed 200,000 shares of common stock (par $4½). **Price**—To be supplied by amendment. **Proceeds** — To provide part of the funds required for the company's 1960 construction and to provide additional funds if needed for costs of construction being incurred in 1959. **Underwriters**—Eastman Dillon, Union Securities & Co. and Smith, Barney & Co., both of New York.

Atlas Sewing Centers, Inc. (11/16-20)
Oct. 15 filed $2,000,000 of 6% convertible subordinated debentures due Nov. 1, 1974. **Price**—To be supplied by amendment. **Proceeds**—Along with other funds, will be used for reduction of short-term loans, for company's expansion program, and for additional working capital. **Underwriter**—Van Alstyne, Noel & Co., New York.

Atlas Sewing Centers, Inc. (11/16-20)
Oct. 15 filed 75,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Miami, Fla. **Underwriter**—Van Alstyne, Noel & Co., New York.

Australian Grazing & Pastoral Co., Ltd.
Jan. 13 filed 4,000,000 shares of common stock. **Price**—At par (56¼ cents per share). **Proceeds**—To purchase cattle; for improvements; to buy additional ranch in Queensland, Australia; and for other corporate purposes. **Office** — 1301 Avenue L, Cisco, Texas. **Underwriter** — None. Robert Kamon is President.

Baker Oil Tools, Inc. (11/12)
Oct. 7 filed 550,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Business**—Company designs, manufactures, and distributes a broad line of specialized tools and equipment used throughout the world in drilling. **Underwriters**—Lehman Brothers, New York, and Lester Ryons & Co., Los Angeles Calif.

B. M. Harrison Electrosonics, Inc.
Sept. 25 filed 133,000 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—For general corporate purposes, including the reduction of indebtedness and the provision of funds to assist the company's expansion into the civilian market. **Office** — Newton Highlands, Mass. **Underwriter**—G. Everett Parks & Co., Inc., 52 Broadway, New York City. **Offering**—Expected prior to Nov. 13.

Baldwin Securities Corp., New York
Oct. 20 filed 823,825 shares of common stock, to be offered in exchange for the common stock of General Industrial Enterprises, Inc., at the rate of five Baldwin shares for each General share.

Bankers Management Corp.
Sept. 10 (letter of notification) 300,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—1404 Main Street, Houston 2, Texas. **Underwriter**—Daggett Securities, Inc., Newark, N. J. **Offering**—Expected in about 30 days.

Bankers Preferred Life Insurance Co.
Jan. 30 (letter of notification) 100,000 shares of common stock (par $1.60). **Price**—$3 per share. **Proceeds**—For expenses incidental to operation of an insurance company. **Office**—Suite 619, E. & C. Bldg., Denver, Colo. **Underwriter**—Ringsby Underwriters, Inc., Denver 2, Colo.

• Barber-Greene Co., Aurora, Ill. (11/16-20)
Oct. 21 filed 133,600 shares of common stock (par $5) of which 125,000 shares are to be offered for the account of issuing company, and 8,600 shares are to be offered for the accounts of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To be added to general funds to reduce bank loans. **Underwriter**—William Blair & Co., Chicago, Ill.

• Barton's Candy Corp. (11/4)
Sept. 28 filed 175,000 shares of common stock (par $1), of which 150,000 shares are to be publicly offered. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the financing of accounts receivable, the provision of funds for new machinery and equipment, for construction of new stores and improvements of present outlets, and for working capital. **Office**—80 DeKalb Avenue, Brooklyn, N. Y. **Underwriter**—D. H. Blair & Co.

Basic Materials, Inc.
April 9 (letter of notification) 1,200,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—For mining expenses. **Office**—c/o Harold A. Roberts, President, Arroyo Hondo, Santa Fe, N. Mex. **Underwriter** — Hyder, Rosenthal & Co., Albuquerque, N. Mex. Letter became effective on Sept. 21.

Berens Real Estate Investment Corp.
July 31 filed $1,200,000 of 6½% debentures, due Sept. 15, 1969, and 80,000 shares of common stock (par $5). **Price**—$500 per unit, each unit to consist of $300 of debentures and 20 shares of common stock. **Proceeds**—For working capital. **Office**—1722 L St. N. W., Washington D. C. **Underwriter**—Berens Securities Corp., same address. Statement effective Oct. 15.

• Biederman Furniture Co. (11/9-20)
Oct. 16 filed 331,635 shares of class A common stock (par $1). Of the total, 216,549 shares will be sold for the company's account and 115,086 shares are being offered for the accounts of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—$845,170 will be used to purchase from the shareholders of Biedermans of Alton, Inc., an Illinois corporation and Biedermans of

Springfield, Inc., a Missouri corporation, all of the outstanding stock of both corporations. The shareholders from whom such stock is be acquired are David Biederman, William Biederman and the Trustees of the Trust Estates created under the Will of Charles Biederman, deceased, all of whom are also selling shareholders; the balance will be used for general corporate purposes, and the possible future expansion of its business by opening of additional stores, requiring the carrying of additional inventories and additional instalment obligations, and also possibly for the expansion of warehouse facilities. **Underwriter** — Dempsey-Tegeler & Co., St. Louis, Mo.

Blanch-Ette, Inc.
Oct. 12 filed 400,000 shares of common stock, to be offered initially to independent dealers who handle the company's products, with the unsubscribed shares to be offered to the public. **Price**—$1 per share. **Proceeds**—To establish new dealerships, increase inventories, and provide funds for advertising and increase working capital. **Office**—10232 South Kedzie Ave., Chicago, Ill. **Underwriter**—None.

Border Steel Rolling Mills, Inc.
Sept. 14 filed $2,100,000 of 15-year 6% subordinated sinking fund debentures, due Oct. 1, 1974, and 210,000 shares of common stock ($2.50 par), to be offered in units of $50 principal amount of debentures and five shares of common stock. **Price** — To be supplied by amendment. **Proceeds**—For the purchase of land and construction thereon, and for the manufacture and installation of necessary equipment. **Office**—1609 Texas Street, El Paso, Texas. **Underwriters**—First Southwest Co., Dallas, Texas, and Harold S. Stewart & Co., El Paso, Texas.

Border Steel Rolling Mills, Inc.
Sept. 14 filed 226,380 shares of common stock, to be offered for subscription to stockholders of record Aug. 31, 1959, on the basis of 49 new shares for each share then held. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office** — 1609 Texas Street, El Paso, Texas. **Underwriter**—None.

Breuer & Curran Oil Co.
Sept. 24 filed $1,500,000 of co-ownership participations in an oil and gas exploration fund. **Price**—The minimum participations will be $10,000. **Proceeds**—To conduct oil and gas exploration activities. **Office**—3510 Prudential Plaza, Chicago, Ill.

Brookings International Life Casualty Co.
Oct. 12 (letter of notification) 11,364 shares of common stock (par $8.80) to be offered to policyholders as of Aug. 16, 1959. **Price** — $9.68 per share. **Proceeds** — For working capital and surplus accounts. **Office**—520 Main Ave., Brookings, S. D. **Underwriter**—None.

★ Brunswick-Balke-Collender Co.
Oct. 21 filed 351,516 shares of common stock, which are issuable upon exercise of options under the company's Restricted Stock Option Plan for key management personnel. **Office**—623 South Wabash Ave., Chicago, Ill.

★ Brunswick Pulp & Paper Co., Brunswick, Ga.
Oct. 19 (letter of notification) an undetermined number of shares of common stock (no par) of Scott Paper Co., and an undetermined number of shares of common stock (no par) of the Mead Co. to be offered to employees of the issuing company pursuant to the Employees' Stock Purchase Plan for 1960. **Price**—At-the-market on the New York Stock Exchange or at a private sale at a price not to exceed the last quoted offering price on the New York Stock Exchange. **Proceeds**—For the purchase of stock. **Underwriter**—None.

Burch Oil Co.
Sept. 25 (letter of ontification) 120,000 shares of class A common stock (par five cents). **Price**—$2.50 per share. **Proceeds**—For building and equipping stations and truck stop and additional working capital. **Office**—C/o Garland D. Burch, at 707 Grattan Road, Martinsville, Va. **Underwriter**—Maryland Securities Co., Inc., Old Town Bank Building, Baltimore 2, Md.

Cadre Industries Corp.
Sept. 25 filed 17,532 shares of common stock (par $5), to be offered to holders of such stock of record Oct. 23, on the basis of one new share for each 8 shares then held; rights to expire on or about Nov. 16 (subject to SEC approval). **Price**—$64 per share. **Proceeds**—For general corporate purposes, including working capital. **Office**—20 Valley St., Endwell, N. Y. **Underwriter**—None.

California Metals Corp.
July 27 filed 2,500,000 shares of common stock. **Price**—At par (20 cents per share). **Proceeds**—For construction of a pilot plant; for measuring ore; for assaying; and for general corporate purposes. **Office**—3955 South State St., Salt Lake City, Utah. **Underwriter**—Cromer Brokerage Co., Inc., Salt Lake City.

California Mutual Co-Ply, Inc.
Sept. 14 filed 140 shares of voting common stock. **Price**—At par ($5,000 per share). **Proceeds**—To purchase the mill and related facilities of Durable Plywood Co. for $690,000, with the balance to be used for working capital. **Office**—Calpella, Calif. **Underwriter**—The offering is to be made by Ramond Benjamin Robbins, one of the nine promoters, the list of which also includes Harry Ernest Holt, of Eureka, Calif., President of the company.

★ Calumet & Hecla, Inc., Chicago, Ill.
Oct. 27 filed 188,340 shares of common stock, to be offered in exchange for all of the common and preferred stock of Flexonics Corp., on the basis of one Calumet share for each 2⅜ shares of Flexonics common and 4 shares of Flexonics preferred.

Capital Shares, Inc.
Aug. 3 filed 500,000 "Life Insurance Fund" shares. **Price**—To be supplied by amendment. **Proceeds**—For investment in the securities of companies engaged directly or indirectly in the life insurance business. **Office**—15 William Street, New York. **Underwriter**—Capital Sponsors, Inc., New York.

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NEW ISSUE CALENDAR

October 30 (Friday)

E Con-O-Veyor Corp.__________**Common**
(Plymouth Securities Corp.) $150,000

Gertsch Products, Inc.__________**Capital Stock**
(Schwabacher & Co.) 107,143 shares

November 2 (Monday)

American & Foreign Power Co., Inc.______**Common**
(Lazard Freres & Co. and The First Boston Corp.) 225,000 shares

Ampal-American Israel Corp.__________**Debentures**
(No underwriting) $3,000,000

Anodyne, Inc. __________**Common**
(Ross, Lyon & Co., Inc.) $300,000

Architectural Plastics Corp.__________**Common**
(Zilka, Smither & Co., Inc.) $325,857.50

Copymation, Inc. __________**Common**
(Simmons & Co. and Plymouth Securities Corp.) $300,000

First Financial Corp. of the West__________**Common**
(William R. Staats & Co.) 120,000 shares

Frantz Manufacturing Co.__________**Common**
(Blair & Co., Inc.) 190,953 shares

General Flooring Co., Inc.__________**Common**
(H. M. Byllesby & Co., Inc.; Howard, Weil, Labouisse, Friedrichs & Co. and Mason-Hagan, In.) 270,000 shares

General Flooring Co., Inc.__________**Debentures**
(H. M. Byllesby & Co., Inc.; Howard, Weil, Labouisse, Friedrichs & Co. and Mason-Hagan, Inc.) 270,000 shares

Giant Food, Inc.__________**Common**
(Auchincloss, Parker & Redpath and Kidder, Peabody & Co.) 200,000 shares

Metallurgical Processing Corp.__________**Common**
(Netherlands Securities Co., Inc.) $300,000

Oak Valley Sewerage Co.__________**Bonds**
(Bache & Co.) $145,000

Oak Valley Water Co.__________**Bonds**
(Bache & Co.) $125,000

Plastic Applicators, Inc.__________**Debentures**
(A. G. Edwards & Sons) $1,000,000

Radio Frequency Co., Inc.__________**Common**
(Myron A. Lomasney & Co.) $300,000

Ranney Refrigerator Co.__________**Common**
(Campbell, McCarty & Co., Inc.) $368,000

Realsite __________**Class A**
(Robert L. Ferman & Co.) $600,000

Roundout Corp. __________**Common**
(Sandkuhl & Co., Inc. and S. B. Cantor Co.) $542,500

Southern Gulf Utilities, Inc.__________**Common**
(Jaffee, Leverton, Reiner Co.) 135,000 shares

Waltham Engineering & Research Associates
Participations
(The First Republic Underwriters Corp.) $1,065,000

Washington Planning Corp.__________**Common**
(Heft, Kahn & Infante) $72,858

November 4 (Wednesday)

Arizona Fertilizer & Chemical Co.__________**Common**
(Mitchum, Jones & Templeton and Walston & Co., Inc.) 100,000 shares

Barton's Candy Corp.__________**Common**
(D. H. Blair & Co.) 175,000 shares

General Acceptance Corp.__________**Debentures**
(Paine, Webber, Jackson & Curtis and Eastman Dillon, Union Securities & Co.) $10,000,000

San Diego Gas & Electric Co.__________**Common**
(Offering to stockholders—underwritten by Blyth & Co., Inc.) 500,000 shares

Sylvania Electric Products, Inc.__________**Debentures**
(Paine, Webber, Jackson & Curtis and Halsey, Stuart & Co., Inc.) $25,000,000

November 5 (Thursday)

Electro-Sonic Laboratories, Inc.__________**Common**
(L. D. Sherman & Co.) $300,000

Metropolitan Telecommunications Corp.___**Common**
(Lee Co.) $299,799

November 6 (Friday)

Servo Corp. of America__________**Debentures**
(Ira Haupt & Co.) $1,000,000

November 9 (Monday)

Biederman Furniture Co.__________**Common**
(Dempsey-Tegeler & Co.) 331,635 shares

Electronics Development, Inc.__________**Common**
(First Broad Street Corp.) $404,106.50

Pitney-Bowes, Inc. __________**Common**
(The First Boston Corp.) 200,000 shares

Rek-O-Kut Co., Inc.__________**Common**
(D. A. Lomasney & Co.) $749,000

Span America Boat Co., Inc.__________**Common**
(R. A. Holman & Co., Inc.) $175,000

November 10 (Tuesday)

Hydromatics, Inc. __________**Common**
(Paine, Webber, Jackson & Curtis and Tucker, Anthony & R. L. Day) 105,000 shares

Kayser-Roth Corp. __________**Common**
(Hemphill, Noyes & Co.) 375,000 shares

State Industries __________**Debentures**
(John Keenan & Co., Inc.) $500,000

Tennessee Gas Transmission Co.__________**Preferred**
(Stone & Webster Securities Corp. and White, Weld & Co.) 300,000 shares

November 11 (Wednesday)

Lenahan Aluminum Window Corp.__________**Common**
(Offering to stockholders—underwritten by Plymouth Bond & Share Corp.) 157,494 shares

November 12 (Thursday)

Acme Missiles & Construction Corp.______**Common**
(Myron A. Lomasney & Co.) $1,200,000

Baker Oil Tools, Inc.__________**Common**
(Lehman Brothers and Lester, Ryons & Co.) 550,000 shares

Colorado Central Power Co.__________**Common**
(Offering to stockholders—underwritten by The First Boston Corp.) 66,490 shares

Electronics Funding Corp.__________**Common**
(Darius Inc.) $150,000

November 16 (Monday)

Atlas Sewing Centers, Inc.__________**Common**
(Van Alstyne Noel & Co.) 75,000 shares

Atlas Sewing Centers, Inc.__________**Debentures**
(Van Alstyne, Noel & Co.) $2,000,000

Barber-Greene Co. __________**Common**
(William Blair & Co.) 133,600 shares

Conetta Manufacturing Co.__________**Common**
(Vermi. . Bros.) $400 000

Cracker Barrel Supermarkets, Inc.__________**Common**
(Diran, Norman & Co.) $300,000

Digitronics Corp. __________**Common**
(Granbery, Marache & Co.) 65,877 shares

Gibraltar Financial Corp. of California___**Common**
(Kidder, Peabody & Co.) 325,000 shares

Lindberg Steel Treating Co., Inc.__________**Common**
(Cruttenden, P[illegible] & Co.) 85,035 shares

Micronaire Electro Medical Products Corp.___ **Com.**
(General Investing Corp.) 200,000 shares

Micronaire Electro Medical Products Corp.___**Wts.**
(General Investing Corp.) 50,000 warrants

National Video Corp.__________**Common**
(Bache & Co.) 283,307 shares

Reserve Insurance Co.__________**Common**
(A. G. Becker & Co., Inc.) 110,837 shares

Scott & Fetzer Co.__________**Common**
(McDonald & Co. and Kidder, Peabody & Co.) 100,000 shares

(J. M.) Smucker Co.__________**Common**
(McDonald & Co.) 165,000 shares

Universal Container Corp.__________**Common**
(Michael G. Kletz & Co.) $670,000

November 17 (Tuesday)

American Telephone & Telegraph Co.______**Debens.**
([illegible] received) $250,000,000

World Publishing Co.__________**Common**
(Joseph, Mellen & Miller, Inc.) 100,000 shares

November 18 (Wednesday)

Transwestern Pipeline Co.__________**Debentures**
(Lehman Brothers and Merrill Lynch, Pierce, Fenner & Smith, Inc.) $40,000,000

Transwestern Pipeline Co.__________**Common**
(Lehman Brothers and Merrill Lynch, Pierce, Fenner and Smith Inc. (2,000,000 shares

November 19 (Thursday)

Atlantic City Electric Co.__________**Common**
(Eastman Dillon, Union Securities & Co. and Smith, Barney & Co.) 200,000 shares

Harman-Kardon, Inc. __________**Debentures**
(Milton D. Blauner & Co., Inc.) $600,000

Harman-Kardon, Inc. __________**Common**
(Milton D. Blauner & Co., Inc.) 196,400 shares

November 20 (Friday)

Great Western Financial Corp.__________**Debentures**
(Offering to stockholders—underwritten by Lehman Brothers) $9,998,800

New York State Electric & Gas Corp.____**Common**
(Offering to stockholders—underwritten by The First Boston Corp.) 467,247 shares

Oxford Chemical Corp.__________**Common**
(Johnson, Lane, Space Corp.; Francis I. du Pont & Co. and The Robinson-Humphrey Co., Inc.) $1,089,125

Piedmont Natural Gas Co., Inc.__________**Preferred**
(Offering to stockholders—underwritten by White, Weld & Co.) 36,237 shares

November 23 (Monday)

Dashew Business Machines, Inc.__________**Common**
(Shearson, Hammill & Co.) 150,000 shares

Dynex, Inc. __________**Common**
(Myron A. Lomasney & Co.) $600,000

Frontier Refining Co.__________**Debentures**
(J. A. Hogle & Co.; Garrett-Bromfield & Co. and Peters, Writer & Christensen, Inc.) $6,000,000

Perrine Industries, Inc.__________**Debentures**
(S. D. Fuller & Co.) $1,500,000

November 24 (Tuesday)

Gulf States Utilities Co.__________**Bonds**
(Bids 11 a.m. EST) $16,000,000

Gulton Industries, Inc.__________**Common**
(Lehman Brothers and G. H. Walker & Co.) 60,000 shares

November 30 (Monday)

Life Insurance Co. of Florida__________**Common**
(Plymouth Bond & Share Corp.) $915,642

December 1 (Tuesday)

Consolidated Edison Co. of New York, Inc.___**Bonds**
(Bids to be invited) $50,000,000

United Marine, Inc.__________**Common**
(Boening & Co.) 125,000 shares

United Marine, Inc.__________**Debentures**
(Boenning & Co.) $1,250,000

Winkelman Bros. Apparel, Inc.__________**Common**
(Watling, Lerchen & Co.) 145,000 shares

Worcester County Electric Co.__________**Bonds**
(Bids to be invited) $7,500,000

December 7 (Monday)

Trans-World Financial Co.__________**Common**
(W. R. Staats & Co.) 655,000 shares

December 8 (Tuesday)

Arkansas Power & Light Co.__________**Bonds**
(Bids 11:30 a.m. EST) $15,000,000

Fall River Electric Light Co.__________**Preferred**
(Bids to be invited) $3,000,000

Louisiana Gas Service Co.__________**Bonds**
(Bids to be invited) $6,000,000

December 9 (Wednesday)

New England Power Co.__________**Preferred**
(Bids to be invited) 100,000 shares

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Carwin Co.
Oct. 2 filed 48,080 shares common stock (par $2), of which 46,080 shares are to be offered for subscription by common stockholders at the rate of one new share for each four shares held. The remaining 2,000 shares are being sold for the account of a selling stockholder. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes including the repayment of outstanding bank loans in the amount of $425,000, the provision of funds for the 1959-60 construction program, and for working capital. **Office**—Stiles Lane, New Haven, Conn. **Underwriter**—Putnam & Co., Hartford, Conn. **Offering**—Expected early in November.

● Chadbourn Gotham, Inc. (11/2-6)
Sept. 28 filed $2,000,000 of 6% conv. subord. debentures, due Oct. 1, 1974, with warrants to purchase 200,000 shares of common stock (par $1), to be offered for subscription by holders of its common stock at the rate of $100 of debentures, with an attached warrant to purchase 10 common shares for cash for each 100 common shares held on or about Oct. 15, 1959; rights to expire on or about Oct. 30. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including working capital and the acquisition of shares of the outstanding common stock of Davenport Hosiery Mills, Inc., of Chattanooga, Tenn. **Office** — 2417 North Davidson St., Charlotte, N. C. **Underwriter**—R. S. Dickson & Co. Charlotte, N. C.

Charter Oak Life Insurance Co.
Sept. 28 (letter of notification) 116,064 shares of common stock (par $1) to be offered to present and future foundation policyholders of the company. **Price**—$2 per share. **Proceeds**—For surplus and working capital. **Office**—411 N. Central Avenue, Phoenix, Ariz. **Underwriter**—None.

● Colorado Central Power Co. (11/12)
Oct. 16 filed 66,490 shares of common stock (par $2.50) to be offered for subscription by holders of outstanding stock of record Nov. 6, 1959, on the basis of one new share for each 10 shares then held; rights to expire on Nov. 30. **Price**—To be supplied by amendment. **Proceeds**—For construction. **Office**—3470 South Broadway, Englewood, Colorado. **Underwriter** — The First Boston Corp., New York.

Columbian Financial Development Co.
Aug. 14 filed $1,000,000 of Plans for Investment in Shares in American Industry, of which $500,000 was for Single Payment Investment Plans and $500,000 for Systematic Investment Plans and Systematic Investment Plans With Insurance. **Office**—15 East 40th Street, New York. **Underwriter** — None. **Offering** — Expected some time before Jan. 1, 1960.

Commerce Oil Refining Corp.
Dec. 16, 1957 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,000 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in uints as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock. **Price**—To be supplied by amendment. **Proceeds** — To construct refinery. **Underwriter**—Lehman Brothers, New York. **Offering**—Indefinite.

● Conetta Manufacturing Co. (11/16-20)
Sept. 28 filed 100,000 shares of class A common stock (par 10c). **Price**—$4 per share. **Proceeds**—For working capital; to prepay a bank note; and for machinery and equipment. **Office**—73 Sunnyside Avenue, Stamford, Conn. **Underwriter**—Vermilye Bros., New York.

Consolidated Development Corp.
Aug. 28 filed 448,000 shares of common stock, of which 198,000 shares are to be offered to holders of the issuing company's 6% convertible debentures, and 100,000 shares are to be offered to the underwriter, with the remaining 150,000 shares, in addition to those shares described above not subscribed for by the debenture holders and the underwriter, respectively, to be publicly offered. **Price** — For the shares to be offered to the debenture holders, 75 cents per share, which is equal to the price at which the debentures are convertible into common stock; for the shares to be offered to the underwriter, $1 per share; for the shares to be offered to the public, the price will be related to the current price of the outstanding shares on the American Stock Exchange at the time of the offering. **Proceeds** — For general corporate purposes. **Office**—Calle 23, No. 956, Vedado, Havana, Cuba. **Underwriter**—H. Kook & Co., Inc., New York.

● Copymation, Inc. (formerly Peck & Harvey Mfg. Company) (11/2-6)
Sept. 23 (letter of notification) 100,000 shares of common stock (par 50 cents). **Price**—$3 per share. **Proceeds**—To pay bank loans and loans to stockholders and others and for working capital. **Office**—5642-50 North Western Avenue, Chicago 45, Ill. **Underwriter**—Simmons & Co., (handling the books) and Plymouth Securities Corp., both of New York, N. Y.

Cordillera Mining Co., Grand Junction, Colo.
Aug. 31 filed 4,234,800 shares of capital stock, of which 2,179,800 shares are to be offered solely to the holders of previously-issued options. These shares, together with the remaining 2,055,000 shares, may be offered for public sale by the holders thereof in the over-the-counter market from time to time. **Price**—To be related to the market price at the time of sale. **Proceeds**—For general corporate purposes, including working capital. **Underwriter**—None.

Cornbelt Insurance Co., Freeport, Ill.
Sept. 29 filed 200,000 shares of common stock to be offered for subscription by common stockholders of record Sept. 15, 1959, at the rate of four new shares for each 10 shares then held. Unsubscribed shares may be offered publicly. **Price**—$4 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None, but brokers and dealers who join in the distribution will receive commission of 40 cents per share.

Cornbelt Life Co.
Sept. 29 filed 100,000 shares of common stock, to be offered to stockholders of record Sept. 15 on the basis of one share for each share then held. **Price**—$4.50 per share. **Proceeds**—To be credited to stated capital and paid-in surplus. **Office**—12 North Galena Avenue, Freeport, Ill. **Underwriter**—None.

● Cracker Barrel Supermarkets, Inc. (11/16-20)
Sept. 25 (letter of notification) 120,000 shares of common stock (par 10 cents). **Price**—$2.50 per share. **Proceeds**—For general corporate purposes. **Office**—84-16 Astoria Blvd., Queens, L. I., N. Y. **Underwriter**—Diran, Norman & Co., New York.

★ Crane-Hall Corp.
Oct. 16 (letter of notification) 125,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For production, sales promotion and expansion of markets. **Office**—1522 14th St., N. W., Washington, D. C. **Underwriter**—None.

Crescent Petroleum Corp., Tulsa, Okla.
May 26 filed 48,460 shares of 5% convertible pfd. stock ($25 par) and 12,559 shares of common ($1 par), 34,460 shares of the preferred and 9,059 shares of common are issuable upon the exercise of stock options granted when the assets of Norbute Corp. were acquired on Aug. 6, 1958. **Underwriter**—None.

Crusader Oil & Gas Corp., Pass Christian, Miss.
May 26 filed 1,500,000 shares of common stock, of which 641,613 shares will be offered on a one-for-one basis to stockholders of record May 15, 1959. The remaining 858,387 shares will be offered publicly by the underwriter on a "best efforts" basis. **Price**—To be supplied by amendment. **Proceeds**—For repayment of notes and for working capital. **Underwriter** — To be supplied by amendment.

Dashew Business Machines, Inc. (11/23-27)
Oct. 22 filed 150,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For purchasing of equipment, expansion, and working capital. **Underwriter** — Shearson, Hammill & Co., New York.

Dayton Aviation Radio & Equipment Corp.
Sept. 28 filed 201,050 shares of common stock, of which 190,871 shares are to be offered to holders of outstanding stock as of the record date on the basis of one new share for each four shares then held. **Price**—$1.50 per share. **Proceeds**—To finance government contracts, reduce accounts payable, and increase working capital. **Office**—South Dixie Highway, Troy, Ohio.

Deluxe Aluminum Products, Inc.
Oct. 15 filed $330,000 of convertible debentures, and 70,000 shares of common stock. **Price**—For the debentures, 100% of principal amount; for the stock, $5 per share. **Proceeds**—From 10,000 shares of the common stock, to the present holders thereof; from the rest of the offering, to the company to be used for expansion and as working capital. **Office**—6810 S. W. 81st St., Miami, Fla.

Denab Laboratories, Inc.
July 31 filed 50,000 shares of common stock (par $2.50). **Price**—$10 per share. **Proceeds**—For general corporate purposes, including salaries, cars, promotion, inventory, the establishment of branch offices, expenses incidental to obtaining permission to do business in other states, and the establishment of a contingency reserve. **Office**—1420 East 18th Avenue, Denver, Colo. **Underwriter**—None.

Desert Star Mining Co.
Oct. 7 (letter of notification) 300,000 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For mining expenses. **Address**—P. O. Box 81, Kingman, Ariz. **Underwriter**—None.

● Digitronics Corp. (11/16-20)
Sept. 25 filed 65,877 shares of capital stock (par 10 cents) to be offered to the holders of outstanding shares of such stock on the basis of one new share for each five shares held. **Price** — To be supplied by amendment. **Proceeds** — For general corporate purposes. **Office** — Albertson, L. I., N. Y. **Underwriter**—Granbery, Marache & Co., New York City.

● Dilberts Leasing & Development Corp.
June 11 filed $4,400,000 (subsequently reduced to $2,500,000) of 20-year convertible debentures, due July 15, 1979 and 1,056,000 shares (subsequently reduced to 600,000 shares) of common stock (par 1c) to be offered in units consisting of $50 principal amount of debentures and 12 shares of common stock. Dilberts Leasing & Development Corp. expects to file a new statement next week. Debentures are guaranteed as to principal and interest by Dilbert's Quality Supermarkets Inc., the parent company. **Price** — $51.20 per unit. **Proceeds** — For repayment of notes; to develop and construct shopping centers and a super-market under existing purchase contracts and for working capital. **Name Changed** — Company formerly known as Dilbert's Properties, Inc. **Office**—93-02 151st Street, Jamaica, N. Y. **Underwriter**—Ira Haupt & Co., New York.

Diversified Communities, Inc.
Sept. 25 filed 367,200 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For acquisition of Hope Homes, Inc., Browntown Water Co. and Cantor & Goldman Builders, Inc., with the balance to be used as working capital. **Office**—29A Sayre Woods Shopping Center, Madison Township, P. O. Parlin, N. J. **Underwriter**—Lee Higginson Corp., New York.

★ Don Mott Associates, Inc.
Oct. 27 filed 161,750 shares of class B, non-voting, common stock. **Price**—$10 per share. **Proceeds**—For general corporate purposes, including payment on a building and the financing of loans. **Office**—Orlando, Fla. **Underwriter**—Leon Sullivan, Philadelphia, Pa., on a "best efforts" basis.

Dorsett Laboratories, Inc.
Oct. 2 (letter of notification) $160,000 of 10-year 6% convertible subordinated debentures. Debentures are convertible into common stock at $4 per share up to and including Nov. 1, 1962; thereafter at $8 per share up to and including Nov. 1, 1965 and thereafter at $12 per share. **Price**—At face amount. **Proceeds**—To reduce notes payable, to purchase facilities and equipment, and for working capital. **Office**—401 E. Boyd St., Norman, Okla. **Underwriter**—None.

Drexelbrook Associates
May 22 filed $2,000,000 of partnership interests, to be offered in units. **Price**—$10,000 per unit. **Proceeds**—To be used for various acquisitions. **Office** — Broad & Chestnut Streets, Philadelphia, Pa. **Underwriter**—None.

★ Dyna-Therm Chemical Corp.
Oct. 28 filed 200,000 shares of capital stock. **Price**—$3 per share. **Proceeds**—To purchase stock of subsidiaries, for payment of loans, and for working capital. **Office**—Culver City, Calif. **Underwriter**—Peter Morgan & Co., New York City, on a "best efforts" basis.

● Dynex, Inc. (11/23-27)
Aug. 6 filed 120,000 shares of common stock (par 25 cents). **Price**—$5 per share. **Proceeds**—For general corporate purposes, including product research, the purchase of new equipment, and expansion. **Office** — 123 Eileen Way, Syosset, L. I., N. Y. **Underwriter**—Myron A. Lomasney & Co., New York.

E. H. P. Corp.
Aug. 31 filed 160,000 shares of capital stock (par 10c), of which 100,000 shares are to be publicly offered. **Price**—$2.50 per share. **Proceeds** — To provide funds for the purchase of vending machines which will be used to distribute automobile breakdown insurance policies on thruways, parkways and highways in the amount of $25 of such breakdown insurance for the purchase price of 25 cents, and for a public relations and publicity program. **Office**—Hotel Troy Building, Troy, New York. **Underwriter**—John R. Boland & Co., Inc., New York. **Offering**—Expected during the next two months.

ESA Mutual Fund, Inc.
June 29 filed 2,000,000 shares of capital stock. **Price**—To be supplied by amendment. **Proceeds**—For investment. **Investment Adviser**—Yates, Heitner & Woods, St. Louis, Mo. **Underwriter**—ESA Distributors, Inc., Washington, D. C. **Office**—1028 Connecticut Avenue, N. W., Washington, D. C.

ECon-O-Veyor Corp. (10/30)
Sept. 18 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For advertising and promotion; new equipment, and general corporate purposes. **Office**—224 Glen Cove Avenue, Glen Cove, N. Y. **Underwriter**—Plymouth Securities Corp., New York, N. Y.

★ Eitel-McCullough, Inc.
Oct. 14 filed $5,000,000 of convertible subordinated debentures due Nov. 1, 1974. **Price** — To be supplied by amendment. **Proceeds**—For retirement of the company's current bank borrowings and for general corporate purposes. **Underwriter**—Schwabacher & Co., San Francisco, Calif.

Electronics Development, Inc. (11/9-13)
Sept. 25 filed 115,459 shares of common stock (par 10c). **Price**—$3.50 per share. **Proceeds**—For plant erection, advertising, research and development, and working capital. **Office** — Gill and West College Streets, State College, Pa. **Underwriter**—First Broad Street Corp., 50 Broad St., New York.

★ Electronics Funding Corp. (11/12)
Oct. 19 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Business** — Sales and leaseback of special and staple machinery and equipment for the American electronics industry. **Office** — c/o Darius Inc., 90 Broad Street, New York 4, N. Y. **Underwriter**—Darius Inc., New York, N. Y.

● Electro-Sonic Laboratories, Inc. (11/5)
Aug. 14 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To retire outstanding bank loan; to increase inventories; for sales and promotional activities; to improve production facilities and to acquire new and improved tools and machinery; for development and research and for working capital. **Office** — 35—54 Thirty-sixth St., Long Island City, N. Y. **Underwriter**—L. D. Sherman & Co., New York, N. Y.

Enflo Corp.
Sept. 30 filed 125,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—Maple Shade, N. J. **Underwriters**—D. Gleich Co. & Aetna Securities Corp., both of New York. **Offering**—Expected sometime in November.

Equity Annuity Life Insurance Co.
April 21 filed $1,000,000 of Variable Annuity Policies. **Price**—No less than $120 a year for annual premium contracts and no less than $1,500 for single premium contracts. **Proceeds**—For investment, etc. **Office**—2480 16th Street, N. W., Washington, D. C. **Underwriter**—None.

Faradyne Electronics Corp.
Sept. 1 filed 230,000 shares of common stock (par five cents) of which 200,000 shares are to be publicly offered. **Price**—$5 per share. **Proceeds**—For general corporate purposes, including plant expansion, improvement and equipment. **Office** — 744 Broad St., Newark, N. J. **Underwriters** — Netherlands Securities Co., Inc. (handling the books) and Herbert Young & Co., Inc. (jointly);

Morris Cohen & Co.; Schrijver & Co.; Richard Bruce & Co., Inc., all of New York. **Offering**—Expected in November.

Financial Industrial Income Fund, Inc.
July 22 filed 1,000,000 shares of common capital stock **Price**—At market. **Proceeds**—For investment. **Office**—950 Broadway, Denver, Colo. **General Distributor**—FIF Management Corp., Denver, Colo.

● First Financial Corp. of the West (11/2-6)
Sept. 28 filed 120,000 shares of capital stock (without par value), of which 100,000 shares are to be offered for the account of the selling stockholders, and 20,000 shares will be sold for the company's account. **Price** — To be supplied by amendment. **Proceeds**—To prepay the remaining balance of and accrued interest on an outstanding term loan. **Underwriter**—William R. Staats & Co., Los Angeles and San Francisco, Calif.

● First Northern-Olive Investment Co.
Aug 17 filed 20 partnership interests in the partnership. Similar filings were made on behalf of other Northern-Olive companies, numbered "second" through "eighth." **Price**—$10,084 to $10,698 per unit. **Proceeds**—To purchase land in Arizona. **Office**—1802 North Central Ave., Phoenix, Ariz. **Underwriter**—O'Malley Securities Co., Phoenix. Statement effective Oct. 9.

First United Life Insurance Co.
Sept. 28 filed 158,236 shares of common stock, to be offered to common shareholders of record Oct. 15 at the rate of one new share for each four shares then held; rights to expire on or about Dec. 2. **Price**—$5 per share. For company reserves and expansion. **Office** — 475-79 Broadway, Gary, Ind. **Underwriter**—None.

● Frantz Manufacturing Co. (11/2-6)
Sept. 11 filed 190,953 outstanding shares of common stock, (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Business**—Company is engaged in the design, development, production and distribution of builders' hardware, primarily overhead type garage door hardware. **Office**—301 West 3rd St., Sterling, Ill. **Underwriter**—Blair & Co., Inc., New York.

● Frontier Refining Co. (11/23-27)
Oct. 16 filed $6,000,000 of 6% convertible subordinated debentures. **Price**—At 100% of principal amount. **Proceeds**—To purchase the common stock of Western States Refining Co. **Office**—4040 E. Louisiana Avenue, Denver, Colo. **Underwriters**—J. A. Hogle & Co., Salt Lake City, Utah, and Garrett-Bromfield & Co., and Peters, Writer & Christensen, Inc., both of Denver, Colo.

Gateway Airlines, Inc.,
Aug. 31 filed 400,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds** — For general corporate purposes, including the purchase of airplanes, spare parts, and equipment, the retirement of debt, and the increase of working capital. **Office** — MacArthur Field, Islip, L. I., N. Y. **Underwriter**—Dunne & Co., New York. **Offering**—Expected any day.

General Acceptance Corp. (11/4)
Oct. 2 f[illegible] of subordinated debentures due Nov. 1, 1974, with warrants for the purchase of common stock, to be offered in units consisting of a $1,000 debenture and one common stock purchase warrant. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office** — 1105 Hamilton St., Allentown, Pa. **Underwriters**—Paine, Webber Jackson & Curtis, and Eastman Dillon, Union Securities & Co., both of New York.

★ General Atronics Corp.
Oct. 16 (letter of notification) 6,000 shares of capital stock (no par) to be offered to the employees of the company. **Price** — $1 per share. **Proceeds** — To reduce bank loans. **Office** — 1 Bala Ave., Bala-Cynwyd, Pa. **Underwriter**—None.

General Finance Corp.
Sept. 11 filed 150,000 shares of common stock. **Price**—$3 per share. **Proceeds**—For working capital, with $15,000 being allocated for lease improvements and equipment and supplies. **Office** — Santurce, Puerto Rico. **Underwriter**—Caribbean Securities Co., Inc., Avenida Condado 609, Santurce, Puerto Rico.

● General Flooring Co., Inc. (11/2-6)
Sept. 14 filed $1,500,000 of 6½% debentures, due Oct. 1, 1969, and 270,000 shares of common stock, to be offered in units of $100 principal amount of debentures and 18 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the reduction of indebtedness and the purchase and installation of machinery and equipment. **Address** — P O Box 8169, New Orleans La **Underwriters**—H. M. Byllesby & Co., Inc., Chicago, Ill.; Howard, Weil, Labouisse, Friedrichs and Co., New Orleans, La., and Mason-Hagan, Inc., Richmond, Va.

General Underwriters Inc.
April 6 (letter of notification) 225,000 shares of common capital stock (par 25 cents). Of the total, 195,000 shares are to be offered for the account of the company and 30,000 shares for a selling stockholder. **Price**—$1 per share. **Proceeds**—For furniture inventory and improved merchandising methods, to finance the real estate department and insurance policy loans. **Office**—211-215 Pine St., Pine Bluff, Ark. **Underwriter**—Lovan Securities Co., Inc., Pine Bluff Ark.

● Gertsch Products, Inc. (10/30)
Sept. 24 filed 107,143 shares of capital stock (without par value), of which 28,571 shares are being offered for the account of the company and 78,572 shares are to be offered for the accounts of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds** — For working capital. **Underwriter**—Schwabacher & Co., San Francisco and Los Angeles, Calif.

Giant Food Inc. (11/2-6)
Oct. 13 filed 200,000 shares of class A common stock (non-voting) (par $1). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—Landover, Md. **Underwriters** — Auchincloss, Parker & Redpath, Washington, D. C., and Kidder, Peabody & Co., New York.

Gibraltar Financial Corp. of California (11/16)
Oct. 19 filed 325,000 shares of outstanding capital stock. **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—9111 Wilshire Blvd., Beverly Hills, Calif. **Underwriter**—Kidder, Peabody & Co., New York.

Gold Medal Packing Corp.
June 18 filed 572,500 shares of common stock (par one cent), and 50,000 common stock purchase warrants. Of the shares 400,000 will be sold for the account of the company; 110,000 by certain stockholders; 12,500 for the underwriter; and the remaining 50,000 shares are purchasable upon exercise of the warrants. **Price**—$1.25 per share. **Proceeds**—For repayment of debt; purchase of equipment and facilities and other general corporate purposes. **Office**—614 Broad St., Utica, N. Y. **Underwriter**—Mortimer B. Burnside & Co., New York. **Name Change** — Formerly Eastern Packing Corp. **Offering** — Expected in late November.

Gold Medal Studios, Inc.
Sept. 18 filed 500,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes, including the purchase of additional studio equipment, investing in properties in the entertainment field, and the provision of funds for a down payment on another building or buildings. **Office**—807 E. 175th Street, New York, N. Y. **Underwriter**—Arnold Malkan & Co., Inc., New York.

● Great American Publications, Inc.
Aug. 11 filed 260,000 shares of common stock (par 10 cents) of which 195,000 shares are to be publicly offered on a best efforts basis. **Price**—At market. **Proceeds** — For working capital. **Office** — New York. **Underwriter**—Mortimer B. Burnside & Co., Inc., New York. Statement was withdrawn on Sept. 11.

Great Lakes Bowling Corp.
Aug. 31 filed 120,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the development of bowling lanes, bars, and restaurants on various Michigan properties. **Office**—6336 Woodward Ave., Detroit, Mich. **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill.

Great Western Financial Corp. (11/20)
Oct. 19 filed $9,998,800 of convertible subordinated debentures, due 1974, to be offered for subscription by common stockholders of record Nov. 20, 1959 (with a 14 day standby), on the basis of one new debenture for each 22 shares then held; rights to expire on or about Dec. 4. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the reduction of indebtedness. **Office** — 4401 Crenshaw Blvd., Calif. **Underwriter**—Lehman Brothers, New York.

★ Green River Production Corp.
Oct. 15 (letter of notification) 200,000 shares of common stock (par 50 cents). **Price**—$1.50 per share. **Proceeds**—For expenses for exploring for oil and gas. **Office**—212 Sixth Ave., South, Nashville, Tenn. **Underwriter**—Crescent Securities Co., Inc., Bowling Green, Ky.

★ Griffith & Co., Inc.
Oct. 19 (letter of notification) 1,000 shares of common stock (par $1) and 4,000 shares of 6% cumulative preferred stock (par $5). **Price**—Of common, $2 per share; of preferred, $5.75 per share. **Proceeds** — For working capital and to establish an investment management company. **Address**—P. O. Box 193, Clarksville, Ark. **Underwriter**—None.

Growth Fund of America, Inc.
Feb. 4 filed 250,000 shares of common stock (par 10 cents). **Price**—At market. **Proceeds**—For investment **Office** — 1825 Connecticut Avenue, Washington, D. C **Investment Advisor** — Investment Advisory Service, Washington, D. C **Underwriter**—Investment Management Associates, Inc., Washington, D. C. The statement became effective July 24.

Guaranty Insurance Agency, Inc.
See, Mortgage Guaranty Insurance Corp., below.

★ Gulf States Utilities Co. (11/24)
Oct. 13 filed $16,000,000 of series A first mortgage bonds due 1989. **Proceeds** — To pay off existing short-term notes due Dec. 1, 1959, issued under revolving credit agreements to provide funds for construction purposes, of which it is estimated $6,000,000 will be outstanding prior to the date of sale of the new bonds, and the balance will be used to carry forward the company's construction program and for other corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith Inc. and White, Weld & Co. (jointly); Stone & Webster Securities Corp.; Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EST) on Nov. 24 at the office of The Hanover Bank, Room A, 70 Broadway, New York 15, N. Y.

★ Gulton Industries, Inc. (11/24)
Oct. 22 filed 60,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—212 Durham Ave., Metuchen, N. J. **Underwriters**—Lehman Brothers and G. H. Walker & Co., both of New York City.

★ Harman-Kardon, Inc. (11/19-23)
Oct. 22 filed $600,000 of 6½% subordinated convertible debentures due December 1969, and 196,400 shares of common stock (par 25 cents), of which the debentures are to be offered for the account of the issuing company and 80,000 shares of the common stock are to be offered for the account of its President, Sidney Harman. Of the 116,400 common shares remaining, 20,000 are being registered under a restricted stock option plan, 4,000 are being reserved for key employees pursuant to stock options, and 92,400 are being reserved for debenture conversion. **Proceeds**—For reduction of bank loans and general corporate purposes including new plant and equipment. **Office**—Westbury, L. I., N. Y. **Underwriter**—Milton D. Blauner & Co., Inc., New York City.

Harnischfeger Corp.
Aug. 28 filed 200,000 shares of common stock (par $10). **Price**—To be related to the market price of outstanding shares on the American Stock Exchange at the time of the offering. **Proceeds** — In part to repay outstanding unsecured short-term bank loans, expected to approximate $4,000,000, with the balance to be used for general corporate purposes. **Office** — 4400 W. National Ave., Milwaukee, Wis. **Underwriter**—The First Boston Corp., New York. **Offering**—Indefinitely postponed due to market conditions.

★ Hawthorne Financial Corp.
Oct. 22 filed 165,000 shares of outstanding common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office** — 301 South Hawthorne Blvd., Hawthorne, Calif. **Underwriter**—William R. Staats & Co., Los Angeles, Calif. **Offering**—Expected in late November.

Hickerson Bros. Truck Co., Inc.
March 11 (letter of notification) 285,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To pay existing liabilities; for additional equipment; and for working capital. **Office**—East Tenth Street, P. O. Box 68, Great Bend, Kan. **Underwriter**—Birkenmayer & Co., Denver, Colo.

★ Housatonic Public Service Co.
Oct. 23 filed 76,642 shares of common stock (par $15) to be offered for subscription by common stockholders on the basis of one new share for each five shares held. **Price**—To be supplied by amendment. **Proceeds**—For construction, including the payment of short-term loans incurred for this purpose. **Office**—33 Elizabeth Street, Derby, Conn. **Underwriters** — Allen & Co., New York, and Bacon, Whipple & Co., Chicago, Ill.

Hycon Manufacturing Co.
Aug. 28 filed 126,316 shares of common stock, which were issued to Avco Corp. on Dec. 8, 1958, at $2.375 per shares, and which will now be publicly offered by Avco. **Price**—To be related to the prices prevailing in the over-the-counter market at the time, or times, the stock is sold. **Office**—1030 South Arroyo Parkway, Pasadena, Calif. **Underwriters**—The offering will be made through registered brokers and dealers who are NASD members.

● Hydromatics, Inc. (11/10)
Oct. 20 filed 105,000 shares of common stock (par $1), of which 80,000 shares are to be offered for the account of company, and 25,000 shares are to be offered for the accounts of the present holders thereof. **Price** — To be supplied by amendment. **Proceeds**—For working capital. **Office**—Livingston, N. J. **Underwriters**—Paine, Webber, Jackson & Curtis, and Tucker, Anthony & R. L. Day, both of New York.

I C Inc.
June 29 filed 600,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—To further the corporate purposes and in the preparation of the concentrate and enfranchising of bottlers, the local and national promotion and advertising of its beverages, and where necessary to make loans to such bottlers, etc. **Office**—704 Equitable Bldg., Denver, Colo. **Underwriters**— Purvis & Co. and Amos C. Sudler & Co., both of Denver, Colo.

● Indiana Gear Works, Inc.
Oct. 8 filed 100,000 shares of common stock (stated value $2) of which, 25,000 shares are to be offered to employees, and the remaining 75,000 shares are to be offered to the public. The public offering will include any shares not subscribed for by the employees. **Price**—To be supplied by amendment. **Proceeds**—To partially retire bank loans, which were used for acquisition of fixed assets and working capital. **Office**—1458 E. 19th St., Indianapolis, Ind. **Underwriter**—City Securities Corp., Indianapolis. **Offering**—Expected in three weeks.

Industrial Leasing Corp.
June 1 (letter of notification) $200,000 subordinated convertible 6% debentures ($1,000 denomination) and $50,000 subordinated convertible 6% debentures ($500 denomination). **Price**—100% of principal amount. **Proceeds**—For working capital. **Office**—522 S. W. 5th Avenue, Portland 4 Ore **Underwriter**—May & Co., Portland, Ore. Clearance date was June 9.

Inland Western Loan & Finance Corp.
Sept. 24 filed $1,000,000 of 6% capital debentures. **Price**—To be supplied by amendment. **Proceeds**—To discharge loans from banks and from the Commercial Life Insurance Co.; to furnish operating capital for subsidiaries; and to establish new subsidiaries or branches of already existing ones. **Office**—10202 North 19th Ave., Phoenix, Ariz. **Underwriter**—The underwriters, if any, will be named by amendment.

Integrand Corp.
Oct. 13 filed 85,000 shares of common stock. **Price**—$4 per share. **Proceeds**—For general corporate purposes, including the redemption of outstanding preferred stock and new plant equipment. **Office**—Westbury, L. I., N. Y. **Underwriter**—DiRoma, Alexik & Co., Springfield, Mass.

Intercontinental Motels, Ltd.
Oct. 7 filed 133,000 shares of common stock (par 10c). **Price**—$3 per share. **Proceeds**—To be added to working

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capital in order to enable company to exercise options on motels and/or parcels of land. **Office**—Martinsville, Va. **Underwriter** — G. Everett Parks & Co., Inc., 52 Broadway, New York City. **Offering**—Expected before the end of November.

Inter-Island Resorts, Ltd.
Sept. 10 filed 99,000 shares of common stock (par $3) to be offered first to stockholders on the basis of one new share for each four shares held of record Oct. 10, 1959; rights to expire on Nov. 30. **Price**—To be supplied by amendment. **Proceeds**—For construction of a new hotel at Kalapaki Bay, on the Island of Kauai. **Office**—305 Royal Hawaiian Avenue, Honolulu, Hawaii. **Underwriter**—None.

International Bank, Washington, D. C.
Dec. 29 filed $5,000,000 of notes (series B, $500,000, two-year, 3% per unit; series C, $1,000,000, four-year 4% per unit; and series D, $3,500,000, 6-year, 5% per unit). **Price**—100% of principal amount. **Proceeds** — For working capital. **Underwriter**—Johnston, Lemon & Co., Washington, D. C. **Offering**—Indefinitely postponed.

International Tuna Corp.
Aug. 11 (letter of notification) 175,000 shares of class A common stock (par 50 cents). **Price** — $1 per share. **Proceeds**—For equipment and working capital. **Office**—Pascagoula, Miss. **Underwriter**—Gates, Carter & Co. Gulfport, Miss.

Investment Trust for the Federal Bar Bldg.
Aug. 14 filed 500 Beneficial Trust Certificates in the Trust. **Price**—$2,600 per certificate. **Proceeds**—To supply the cash necessary to purchase the land at 1809-15 H St., N. W., Washington, D. C., and construct an office building thereon. **Office**—Washington, D. C. **Underwriters**—Hodgdon & Co. and Investors Service, Inc., both of Washington, D. C., and Swesnick & Blum Securities Corp.

Irando Oil & Exploration, Ltd.
April 24 filed 225,000 shares of common stock. **Price**—90 cents per share. **Proceeds**—To defray the costs of exploration and development of properties and for the acquisition of other properties; also for other corporate purposes. **Office**—1950 Broad St., Regina, Sask., Can **Underwriter** — Laird & Rumball, Regina, Sask., Can

Israel Development Corp.
Sept. 22 filed 200,000 shares of common stock (par $25). **Price**—$27.50 per share, payable in cash or State of Israel Independence Issue or Development Issue bonds. **Proceeds**—For general corporate purposes. **Office**—17 E. 71st Street, New York City. **Underwriter**—None.

Jocelyn-Varn 1960 Oil Associates
Sept. 28 filed 100 units of oil and gas exploration agreements. **Price**—$20,000 per unit. **Proceeds**—For locating, developing, and administering oil and gas producing properties. **Office**—310 KFH Building, Wichita, Kan. **Underwriter**—None.

● **Kayser-Roth Corp. (11/10)**
Oct. 5 filed 375,000 shares of outstanding common stock (par $1). **Price**—To be related to the market price on the N. Y. S. E. at the time the offering begins. **Proceeds**—To Harrison Factors Corp., the selling stockholder. **Office**—425 Fifth Ave., New York. **Underwriter**—Hemphill, Noyes & Co., New York.

Kentucky Central Life & Accident Insurance Co.
Aug. 28 filed 81,717 shares of common stock, of which Kentucky Finance Co., Inc. will offer its stockholders 51,000 shares. **Price**—Of 30,717 shares, $115 each; and of 51,000 shares, $116 each. **Proceeds**—To selling stockholders. **Office**—Anchorage, Ky. **Underwriter**—None.

★ **Keystone Custodian Funds, Inc.**
Oct. 26 filed (by amendment) an additional 1,000,000 shares of Keystone Custodian Fund Certificates of Participation, series K1. **Office**—Boston, Mass.

Kilroy (W. S.) 1960 Co.
June 8 filed $3,500,000 of Participating Interests under Participant Agreements in the company's 1960 Oil and Gas Exploration Program, to be offered in amounts of $25,000 or more. **Proceeds**—Acquisition of undeveloped oil and gas properties. **Office**—2306 Bank of the Southwest Bldg., Houston Texas. **Underwriter**—None.

Kittanning Telephone Co., Kittanning, Pa.
Aug. 24 filed 14,000 shares of common stock, to be offered by subscription to holders of outstanding common stock on the basis of approximately 0.212 new shares for each share held. **Price**—$25 per share. **Proceeds**—In part to repay a bank loan in the amount of $450,000 representing funds acquired for general modernization, improvement, and expansion. **Underwriter**—None.

● **Lenahan Aluminum Window Corp. (11/4)**
July 28 filed 157,494 shares of common stock (par 50c), to be offered initially to stockholders on the basis of one new share for each two shares held on Nov. 4, 1959; rights to expire on or about Nov. 19. **Price**—$4 per share to stockholders; $5 to public. **Proceeds**—For inventory and for working capital. **Office**—Jacksonville, Fla. **Underwriter**—Plymouth Bond & Share Corp., Miami, Fla.

● **Lenkurt Electric Co.**
Aug. 31 filed 10,000 outstanding shares of class B common stock. **Price**—$83.31 per share. **Proceeds**—To selling stockholder. **Office** — 1105 County Road, San Carlos, Calif. **Underwriter**—None.

★ **Libby-Owens-Ford Glass Co.**
Oct. 22 filed 43,210 shares of common stock, reserved for employees holding series O options granted pursuant to the company's Employee Stock Option Plan. **Office**—608 Madison Ave., Toledo, Ohio.

● **Life Insurance Co. of Florida (11/30-12/4)**
Sept. 28 filed 203,476 shares of common stock (par $1). **Price**—$4.50 per share. **Proceeds**—For expansion. **Office**—2546 S. W. 8th St., Miami, Fla. **Underwriter**—Plymouth Bond & Share Corp., Miami.

● **Lindberg Steel Treating Co., Inc. (11/16)**
Oct. 12 filed all of their 85,035 outstanding shares of class A stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Melrose Park, Ill. **Underwriter** — Cruttenden, Podesta & Co., Chicago, Ill.

M. & S. Oils Ltd.
May 11 filed 390,000 shares of common stock. **Price**—60 cents per share. **Proceeds** — For exploration, development and acquisitions. **Office**—5 Cobbold Block, Saskatoon, Saskatchewan, Canada. **Underwriter** — Cumberland Securities Ltd., Regina, Saskatchewan, Canada.

Magnuson Properties, Inc.
June 29 filed 500,000 shares of class A common stock (amended on Aug. 24 to 150,000 shares of 6½% cumulative convertible preferred stock, par $10), and 150,000 shares of class A common stock, par $1, with common stock purchase warrants. Each share of class A common stock carries one warrant entitling the registered holder to purchase one share of such common stock at an initial price of $11 per share. **Price**—For preferred, at par; and for class A, $10.10 per share. **Proceeds**—$291,099 is to be expended during the period ending Aug. 31, 1960 for mortgage payments and releases; $465,000 will be paid on notes acquired by members of the Magnuson family in the transfers of subsidiaries and properties to the company; $106,000 will be used to close certain options and purchase contracts covering lands in the Melbourne-Cape Canaveral area; the balance will be added to the general funds of the company and used for general corporate purposes. **Office**—20 S. E. 3rd Ave., Miami, Fla. **Underwriter**—Blair & Co. Inc., New York. **Offering**—Expected this Fall.

Marine Corp., Milwaukee, Wis.
Oct. 19 filed $5,000,000 of convertible debentures, due Nov. 1, 1974. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the provision of funds to other banks now controlled by the issuing corporation. **Underwriter**—Robert W. Baird & Co., Inc., Milwaukee, Mis.

★ **Mark II Mining Co., Inc.**
Oct. 19 (letter of notification) 200,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds** — For mining expenses. **Office**—320 S. W. Stark St., Portland, Ore. **Underwriter**—None.

Mayfair Markets
Oct. 1 filed 301,177 shares of common stock (par $1), to be offered to holders of such stock on the basis of one new share for each five shares then held. **Price** — $10 per share. **Proceeds**—For general corporate purposes, including expansion and working capital. **Office**—4383 Bandini Boulevard, Los Angeles, Calif. **Underwriter**—None.

● **Metallurgical Processing Corp., Westbury, N. Y. (11/2)**
Aug. 6 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To retire debts; to acquire new equipment for processing metals and to expand its overall capacity; to move its facilities and new equipment into a new building and for further development and expansion. **Underwriter**—Netherlands Securities Co., Inc., New York, N. Y.

● **Metropolitan Telecommunications Corp. (11/5-6)**
Sept. 28 (letter of notification) 99,933 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For working capital. **Office**—964 Dean St., Brooklyn, N. Y. **Underwriter**—Lee Co., New York, N. Y.

Microwave Electronics Corp.
July 2 filed $500,000 of 10-year 5% subordinated debentures due July 1, 1969 together with 250,000 shares of common stock (par 10 cents) to be offered in units of $10,000 principal amount of debentures and 5,000 common shares. An additional 138,000 shares may be issued in connection with the company's restricted stock option plan. **Price**—$10,500 per unit. **Proceeds**—To purchase machinery, equipment and other fixed assets, for operating expenses, and the remainder for working capital. **Office**—4061 Transport St., Palo Alto, Calif. **Underwriter**—None. **Financial Adviser**—Hill, Richards & Co., Inc., Los Angeles, Calif.

Micronaire Electro Medical Products Corp. (11/16-20)
Oct. 16 filed 200,000 shares of common stock (par 10 cents) and 50,000 one-year warrants for the purchase of such stock at $3 per share, to be offered in units of 100 shares of common stock and 25 warrants. **Price**—$275 per unit. **Proceeds**—For general corporate purposes, including the discharge of indebtedness, the expansion of sales efforts, and for working capital. **Office**—79 Madison Avenue, New York City. **Underwriter**—General Investing Corp., New York.

★ **Minneapolis-Honeywell Regulator Co.**
Oct. 22 filed 165,650 shares of common stock, which have been or may be issued upon exercise of options under the company's Restricted Stock Option Plans. **Office** — 2747 Fourth Ave., Minneapolis, Minn.

Montgomery Mortgage Investment Corp.
Oct. 16 filed $3,000,000 of second mortgage notes and accompanying repurchase agreements, to be offered in $3,000 units. **Price**—From $2,000 to $4,000 per unit. **Proceeds**—To purchase other second trust notes and to maintain a reserve for repurchase of notes under its repurchase agreements. **Office**—11236 Georgia Avenue, Silver Spring, Md. **Underwriter**—There is no underwriter as such, but Adrienne Investment Corp., an affiliate of the issuing company, will act as sales agent, for which it will receive a selling commission of 7%.

Mortgage Guaranty Insurance Corp.
Sept. 23 filed 40,000 shares of common stock (par $10) in a joint registration with Guaranty Insurance Agency, Inc., which filed 10,000 shares of its own common stock (par $5). **Price**—$115 per unit of four shares of Mortgage common and one share of Guaranty common. **Proceeds**—Mortgage will use its proceeds fo rexpansion; Guaranty will use its proceeds for additional working capital. **Office**—(of both firms) 606 West Wisconsin Ave., Milwaukee, Wis.

Mortgages, Inc.
Sept. 30 (letter of notification) $130,000 of 7% 5-year subordinated debentures to be offered in denominations of $100. **Price**—At face amount. **Proceeds**—For working capital. **Office**—211 Mining Exchange Bldg., Colorado Springs, Colo. **Underwriter**—None.

Mutual Credit Corp.
Oct. 6 (letter of notification) $300,000 of 6½% convertible subordinated debentures, series A, due Oct. 1, 1969. Debentures are convertible at any time through Oct. 1, 1968 into class A non-voting common stock (par $5) at the rate of 100 shares of such stock for each $500 of debentures converted. **Price**—At face amount. **Proceeds**—For the general funds of the company. **Office**—c/o Raymond F. Wentworth, 6 Milk St., Dover, N. H. **Underwriter**—Eastern Investment Corp., Manchester, N. H.

● **Narda Microwave Corp.**
June 16 filed 50,000 shares of common stock (par 10 cents) and 50,000 warrants to be offered in units, consisting of one share of common stock with attached warrant entitling the holder to purchase one additional share. The statement also includes an additional 10,000 shares of common stock reserved for issuance to key employees pursuant to options. **Price**—To be supplied by amendment. **Proceeds** — To be used to retire bank loans. **Underwriter**—Milton D. Blauner & Co., Inc., New York. Statement has been withdrawn.

★ **National Bellas Hess, Inc.**
Oct. 27 filed $5,318,800 of convertible subordinated debentures, due Oct. 1, 1984, to be offered to common stockholders on the basis of $100 of debentures for each 50 shares held. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the possible increase of investment in the issuing company's life insurance subsidiary. **Office**—14th Avenue & Swift Street, North Kansas City, Mo. **Underwriter** — Stern Bros. & Co., Kansas City, Mo.

National Beverages, Inc.
Sept. 25 (letter of notification) 80,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—For building on company property, purchase of new vending machines and additional working capital. **Office**—1030 South Sixth West Street, Salt Lake City, Utah. **Underwriter**—Peters, Writer & Christensen, Denver, Colo.

National Citrus Corp.
April 20 (letter of notification) 150,000 shares of common stock. **Price**—At par ($2 per share). **Proceeds**—For new equipment, inventory and working capital. **Address**—P. O. Box 1658, Lakeland, Fla. **Underwriter**—R. F. Campeau Co., Inc., Detroit, Mich. Statement to be amended.

National Co., Inc.
Oct. 14 filed (by amendment)100,000 shares of common stock (par $1), of which 60,000 shares are to be offered for the account of the company and 40,000 shares are to be offered for the account of a selling stockholder, Louis C. Lerner. **Price**—To be supplied by amendment. **Proceeds** — The company expects to use $250,000 to retire without premium a portion of a term loan from Grace National Bank of New York, and the balance of the proceeds will be used to provide the additional working capital needed for realized and possible increases in sales volume.

National Industrial Minerals Ltd.
Aug. 4 filed 150,000 shares of common stock (no par). **Price** — $1 per share. **Proceeds** — To retire indebtedness for construction of plant and for other liabilities, and the remainder will be used for operating capital. **Office** — Regina, Saskatchewan, Canada. **Underwriter**—Laird & Rumball Ltd., Regina, Saskatchewan, Canada.

National Munsey Co.
Sept. 28 filed 293 limited partnership interests. **Price**—$5,000 per unit. **Proceeds**—To purchase land and erect buildings thereon. **Office**—535 Fifth Avenue, New York City. **Underwriter**—Tenney Securities Corp.

● **National Standard Electronics, Inc.**
Sept. 25 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Underwriter**—Palombi Securities Co., Inc., New York City.

● **National Union Fire Insurance Co. (Pittsburgh, Pa.)**
Sept. 24 filed 200,000 shares of capital stock (par $5) being offered for subscription by stockholders of record Oct. 16, 1959, on the basis of one additional share of capital stock for each three shares then held; rights to expire on Nov. 16. **Price**—$32.50 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—The First Boston Corp., New York.

● **National Video Corp. (11/16-20)**
Oct. 19 filed 283,307 shares of class A stock (par $1). Each certificate for class A shares will bear an endorsement evidencing an interest in a Trust which will hold all of the outstanding common stock of Rico Electronics, Inc., a Puerto Rican manufacturing company affiliated with National Video Corp. **Price** — To Be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Chicago, Ill. **Underwriter** — Bache & Co., New York.

● **New York State Electric & Gas Corp.**
Oct. 21 filed 467,247 shares of common stock, (no par), to be offered to holders of outstanding common stock

of record Nov. 20 on the basis of one new share for each 15 shares then held. The rights are scheduled to expire Dec. 7. **Price**—To be supplied by amendment. **Proceeds**—To discharge short-term obligations incurred for construction, with the balance to be applied to expenditures for construction. **Office**—Ithaca, N. Y. **Underwriters**—The First Boston Corp., Lehman Brothers, Wertheim & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc.

North Carolina Telephone Co.
Sept. 4 filed 576,405 shares of common capital stock, to be offered for subscription by holders of outstanding stock in the ratio of two new shares for each five shares held. **Price**—$2 per share. **Proceeds**—To reduce indebtedness with the balance, if any, to be used as working capital. **Office**—Matthews, N. C. **Underwriter**—One or more security dealers will be offered any shares not subscribed for at $2 per share.

Northern Properties, Inc.
Sept. 8 filed 150,000 shares of common stock (par $2.50). **Price**—$5 per share. **Proceeds**—To acquire and develop various properties in New York State. **Office**—Hartsdale, N. Y. **Underwriter**—Alkow & Co., Inc., New York; may withdraw as underwriter.

Nu-Line Industries, Inc.
Sept. 28 (letter of notification) $250,000 of 7% subordinated debentures due Oct. 1, 1969 with common stock purchase warrants entitling the holders of the warrants to purchase 25,000 shares of common stock (par 10 cents). **Price**—$1,020 per $1,000 debenture with warrant for purchase of 100 shares of common stock attached. **Proceeds**—For working capital. **Office**—Minneapolis, Minn. **Underwriter**—Woodard-Elwood & Co., Minneapolis, Minn.

Oak Valley Sewerage Co. (11/2-6)
June 30 (letter of notification) $145,000 of 5½% first mortgage bonds series of 1958. **Price**—At par. **Proceeds**—To repay to Oak Valley, Inc. a portion of the cost of construction of sewerage collection and disposal system and to pay the costs and expenses of financing. **Office**—330 Main St., Mantua, N. J. **Underwriter**—Bache & Co., Philadelphia, Pa.

Oak Valley Water Co. (11/2-6)
June 30 (letter of notification) $125,000 of 5½% first mortgage bonds series of 1958. **Price**—At par. **Proceeds**—To repay Oak Valley, Inc. a portion of the cost of construction of the water supply and distribution system; to pay the cost of a new 12 inch well to increase the company's supply of water; and to pay the costs and expenses of financing. **Office**—330 Main St., Mantua, N. J. **Underwriter** — Bache & Co., Philadelphia, Pa.

Oil, Gas & Minerals, Inc.
April 2 filed 260,000 shares of common stock (par 35 cents. **Price**—$2 per share. **Proceeds**—To retire bank loans and for investment purposes. **Office**—513 International Trade Mart, New Orleans, La. **Underwriter**—Assets Investment Co., Inc., New Orleans, La. The SEC had scheduled a hearing, to begin on Sept. 2, to determine whether a stop order should be issued suspending the offering.

★ **Optron Corp.**
Oct. 21 (letter of notification) 6,875 shares of capital stock (no par), stated value $14.57. **Proceeds**—For rent, furniture, fixtures, test equipment, sales, engineering, etc. **Office**—335 S. Salinas St., Santa Barbara, Calif. **Underwriter**—None.

★ **Ovitron Corp., Detroit, Mich.**
Oct. 27 filed 150,000 shares of common stock. **Price**—$6 per share. **Proceeds**—For research and working capital. **Underwriter**—Sutro Bros. & Co., New York.

★ **Oxford Chemical Corp. (11/20)**
Oct. 22 filed 227,500 shares of class A common stock (par 25 cents), of which 35,000 shares are to be offered first to employees. Any shares not so purchased plus an additional 72,500 shares are to be publicly offered. The remaining 120,000 shares, representing outstanding stock, are also to be publicly offered. **Price**—To employees, $4.55 per share; to the public, $5 per share. **Proceeds**—For general funds. **Office** — 166 Central Ave., S. W., Atlanta, Ga. **Underwriter**—Johnson, Lane, Space Corp., Atlanta, Ga.; Francis I. duPont & Co., New York; and The Robinson-Humphrey Co., Inc., Atlanta, Ga.

Pacific Uranium Mines Co.
Oct. 20 filed $3,000,000 of 6% secured notes, 675,000 common stock purchase warrants, and 675,000 shares of common stock. $1,600,000 of the notes and 360,000 warrants are to be offered to holders of $1,600,000 of outstanding notes. The remaining $1,400,000 of new notes and 315,000 warrants are to be offered to American Securities Corp., acting on behalf of their clients, for a total sum of $1,344,000 for the notes and $56,000 for the warrants.

Pan-Alaska Corp.
Aug. 7 filed 2,612,480 shares of common capital stock to be issued pursuant to options held by Marine Drilling, Inc. Latter company will, in turn, offer its stockholders rights to purchase two shares of Pan-Alaska common, at 20 cents a share, for each share of Marine Drilling stock. Marine Drilling also plans to sell 250,000 shares of the 680,000 shares of Pan-Alaska it now owns. **Underwriter**—Any stock not subscribed for by holders of Marine Drilling will be publicly offered by Crerie Co., Houston, Texas and Clark, Landstreet & Kirkpatrick, Inc., Nashville, Tenn., at a price of 20 cents a share.

Pantasote Co.
Aug. 28 filed $2,700,000 of 6% subordinated sinking fund debentures, due Oct. 15, 1974 (with warrants attached entitling the holder to purchase 50 shares of common stock of the issuing company for each $500 of debentures). **Price**—100% and accrued interest from Oct. 15. **Proceeds**—For construction, equipping, and placing in operation of a new plant, with the balance to be used for general corporate purposes. **Office**—26 Jefferson St., Passaic, N. J. **Underwriter** — Blair & Co., Inc., New York. **Offering**—Temporarily postponed.

Pathe News, Inc.
Sept. 17 filed 400,000 shares of common stock (par 10 cents) with warrants to purchase an additional 100,000 common shares at $3.25 per share. **Price** — $3.75 per share, with warrants. **Proceeds**—For general corporate purposes, including the addition of working capital, the reduction of indebtedness, and the provision of the $173,000 cash required upon the exercise of an option to purchase the building at 245-249 W. 55th St., New York. **Office**—245 W. 55th St., New York. **Underwriter**—Chauncey, Walden, Harris & Freed, Inc., New York. **Offering**—Expected in about 30 days.

Peerless Mortgage Co.
Oct. 12 (letter of notification) 500,000 shares of common stock (par 20 cents). **Price**—25 cents per share. **Proceeds**—For working capital and investment purposes. **Office**—870 Quari St., Aurora, Colo. **Underwriter**—None.

★ **Perrine Industries, Inc. (11/23)**
Oct. 26 filed $1,500,000 of 20-year convertible subordinated debentures due 1979, to be offered in units of $500 and $1,000. **Price**—At par. **Proceeds**—To be used to establish two new plants in the midwest and southeast industrial areas; to spend $350,000 to equip these new plants; $150,000 to further equip and improve the company's Brooklyn plant; and $600,000 will be used to retire corporate indebtedness. **Underwriter**—S. D. Fuller & Co., New York.

Petroleum Projects
Oct. 13 filed $1,500,000 of participations in oil and gas exploratory fund. **Price** — The minimum participation will cost $10,000. **Office**—Madison, N. J. **Underwriter**—Mineral Projects Co., Ltd.

★ **Piedmont Natural Gas Co., Inc. (11/20)**
Oct. 22 filed 36,237 shares of cumulative convertible preferred stock (without par value), to be offered to common stockholders of record Nov. 20, 1959, on the basis of one new share of preferred stock for each 35 of common stock then held; rights to expire on Dec. 7. **Price**—To be supplied by amendment. **Proceeds**—For repayment of notes incurred for construction program. **Underwriter**—White, Weld & Co., New York.

• **Pik-Quik, Inc.**
Sept. 17 filed 500,000 shares of common stock (par $1). **Price**—$3.50 per share. **Proceeds**—To place in operation 80 food markets in Florida, three of which will be located near West Palm Beach. These three have been leased from International Properties, Inc., a newly-formed Minneapolis real estate firm, for 15 years, with options to renew. **Office** — Baker Bldg., Minneapolis, Minn. **Underwriter** — Craig-Hallum, Inc., Minneapolis, Minn. **Offering**—Expected sometime in November.

Pilgrim National Life Insurance Co. of America
Sept. 17 filed 100,000 shares of common stock (par $1), of which 55,000 shares are to be offered first to stockholders of record Aug. 31, 1959, and 45,000 shares (minimum) are to be offered to the public, which will also be offered any shares unsubscribed for by said stockholders. **Price**—$5 per share. **Proceeds** — For general corporate purposes, possibly including the enabling of the issuing company to make application for licenses to conduct its insurance business in States other than Illinois, the sole State in which it is presently licensed. **Office**—222 W. Adams St., Chicago, Ill. **Underwriter**—None.

• **Pitney-Bowes, Inc. (11/9)**
Oct. 13 filed 200,000 shares of common stock (par $2). **Price**—To be related to the New York Stock Exchange at time of offering. **Proceeds**—To retire short-term bank loans and for working capital. **Underwriter**—The First Boston Corp., New York.

• **Plastic Applicators, Inc. (11/2-6)**
Oct. 1 filed $1,000,000 of convertible subordinated sinking fund debentures, due 1969. **Price**—At 100% plus accrued interest since Oct. 1, 1959. **Proceeds** — For general corporate purposes. **Office**—7020 Katy Road, Houston, Texas. **Underwriter**—A. G. Edwards & Sons, St. Louis, Mo.

Porce-Alume, Inc.
Aug. 3 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For expansion. **Office**—Alliance, Ohio. **Underwriter**—Pearson, Murphy & Co., Inc., New York.

Producers Fire & Casualty Co., Mesa, Ariz.
March 31 filed 400,000 shares of common stock to be offered for subscription by holders of stock purchase rights acquired in connection with life insurance policies issued by Dependable Life Insurance Co. and to certain agents and brokers of Producers Fire & Casualty Co. **Price**—$5 per share. **Proceeds**—For working capital. **Underwriter**—None.

★ **Prudential Commercial Corp.**
Oct. 21 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—City of Dover, County of Kent, Del. **Underwriter**—All State Securities, Inc., 80 Wall Street, New York, N. Y.

Puerto Rico Industries, Inc.
Oct. 15 filed 48,500 shares of class A common stock, 200,000 shares of class B common stock, and $388,000 of 6% subordinated debentures, due July 1, 1971. With the exception of 151,500 shares of class B common allocated to the organizers of the company at par, the securities are to be offered to the public in units of $4,000 of debentures, 500 class A shares, and 500 class B shares. **Price**—$5,000 per unit. **Proceeds**—For investment in the securities of its subsidiary, Puerto Rico Meat Packing Co., Inc., which will use the funds, estimated at $600,000, as operating capital. **Address**—P. O. Box No. 622, Little Rock, Ark. **Underwriter**—None.

Rad-O-Lite, Inc.
July 8 filed 300,000 shares of common stock (par 25¢). **Price** — $1.50 per share. **Proceeds** — For general corporate purposes. **Office**—1202 Myrtle St., Erie, Pa. **Underwriter**—John G. Cravin & Co., New York.

Radiant Lamp & Electronics Corp.
Sept. 4 filed $250,000 of 6% ten-year subordinated convertible sinking fund debentures, series II, due Oct. 15, 1969, and 120,000 shares of class A stock (par 10 cents). **Price** — For debentures, 100% of principal amount; for stock, $5 per share. **Proceeds**—To acquire Radiant Lamp Corp., of Newark, N. J., with the balance to be used as working capital. **Office**—40 Washington Place, Kearney, N. J. **Underwriter**—Amos Treat & Co., Inc., New York. **Offering** — Expected sometime during the end of November.

Radiation Dynamics, Inc., Westbury, N. Y.
Sept. 8 filed 25,000 shares of common stock. The company proposes to offer to its stockholders the right to subscribe to 11,325 shares at $10 per share, with warrants to purchase an equal number of common shares at $12.50 per share, on the basis of one new share for each four shares held. Hayden Stone & Co. has agreed to purchase 2,500 shares for its own account and to use its best efforts to place 11,175 shares with certain selected investors at $10 per share, with warrants to purchase an equal number of shares at $12.50 per share. **Proceeds**—For working capital. **Office**—1800 Shames Drive, Westbury, L. I., N. Y. **Underwriter**—Hayden, Stone & Co., New York.

Radio Frequency Company, Inc. (11/2-6)
Aug. 12 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office** — Medfield, Mass. **Underwriter**—Myron A. Lomasney & Co., New York.

• **Ranney Refrigerator Co. (11/2-6)**
Oct. 8 filed 43,500 shares of common stock (par $2.50) of which 40,000 shares are to be offered for the account of the issuing company and 3,500 shares, representing outstanding stock, are to be offered for the accounts of the present holders thereof. **Price**—$8 per share. **Proceeds** — For expansion and working capital. **Office**—Greenville, Mich. **Underwriter** — Campbell, McCarty & Co., Inc., Detroit, Mich.

Raub Electronics Research Corp.
July 15 filed 165,000 shares of common stock (par $1), subsequently reduced by amendment to 115,500 shares, of which 100,000 shares will be offered to the public. **Price**—$8.50 per share. **Proceeds**—For general corporate purposes. **Office**—1029 Vermont Avenue, N. W., Washington, D. C. **Underwriter**—Weil & Co., Washington, D. C.

• **Realsite, Inc. (11/2-5)**
July 28 filed 200,000 shares of class A stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To pay off mortgages and for working capital. **Office**—Jamaica, L. I., N. Y. **Underwriter**—Robert L. Ferman & Co., Miami, Fla., and Godfrey, Hamilton, Magnus & Co. Inc., New York.

Rek-O-Kut Co., Inc. (11/9-13)
Sept. 25 filed 214,000 shares of common stock (par 25c), of which 142,666 shares are to be offered for account of the issuing company and 71,334 shares are to be offered for the accounts of the present holders thereof. **Price** — $3.50 per share. **Proceeds** — For general corporate purposes, including the repayment of indebtedness and for tooling and production. **Office**—38-19 108th St., Corona, L. I., N. Y. **Underwriter**—D. A. Lomasney & Co., New York.

• **Reserve Insurance Co., Chicago, Ill. (11/16-20)**
Oct. 20 filed 110,837 shares of capital stock, of which 62,676 are to be sold for the company's account and 48,161 shares are to be sold for the account of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company to enable it to finance a larger volume of underwriting and to expand its area of operations. **Underwriter**—A. G. Becker & Co. Inc., Chicago, Ill. This offering will not be made in New York State.

Rondout Corp. (11/2-6)
Sept. 4 filed 155,000 shares of common stock, of which 140,000 shares are to be publicly offered. **Price**—$3.50 per share. **Proceeds**—To buy the capital stock of Rondout Paper Mills, Inc., and to purchase notes of said company, currently held by Arrowsmith Paper Corp., with the balance to be used for general corporate purposes, including working capital. **Office**—785 Park Ave., New York, the address of the corporation as given in the registration statement, is the home address of Leif B. Norstrand, President of the issuing company. Pursuant to the contemplated merger of Rondout Paper Mills, Inc. into Rondout Corp., it is anticipated that Rondout Corp., as the surviving company, will conduct its business from 41 E. 42nd St., New York, the present office of Rondout Paper Mills, Inc. **Underwriters** — Sandkuhl & Co., Inc., Newark, N. J.; and S. B. Cantor Co., New York.

Rosemount Engineering Co.
Oct. 2 (letter of notification) 22,609 shares of common stock (par 75 cents) of which 7,799 shares are to be offered to the employees of the company and the remainder to the public. **Price**—To employees, $12.83 per share; to the public, $13.50 per share. **Proceeds**—To pay outstanding bank loans and for working capital. **Office**—4900 W. 78th St., Minneapolis, Minn. **Underwriter**—White, Weld & Co., Minneapolis.

Roulette Records, Inc.
Aug. 27 filed 330,000 shares of common stock (one cent), of which 300,000 shares are to be publicly offered. **Price**—$3.50 per share. **Proceeds**—For general corporate purposes, including moving to new quarters and installing

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executive offices and sound studio facilities therein, acquiring technical equipment and machinery, and adding to working capital. **Office** — 659 10th Avenue, New York. **Underwriter**—Chauncey, Walden, Harris & Freed, Inc., 580 Fifth Avenue, New York. **Offering**—Expected in three or four weeks.

St. Paul Ammonia Products, Inc.
Oct. 2 filed $1,249,849 of 10-year 6% convertible subordinated debentures, due Dec. 1, 1969, to be offered for subscription by common stockholders on the basis of $10 principal amount of debentures for each 10 shares held. **Price**—At 100% of principal amount. **Proceeds**—For inventory accumulation with the balance, estimated at $125,000, to be added to working capital. **Office**—South St. Paul, Minn. **Underwriter**—White, Weld & Co., New York. It is expected that the warrants will be mailed out about Nov. 6 and will expire about Nov. 23.

★ **(Howard W.) Sams & Co.**
Oct. 21 filed 88,000 shares of common stock (par $1), of which 50,000 shares are to be offered for the account of the issuing company, and 38,000 shares, representing outstanding stock, are to be offered for the accounts of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To be used as working capital and to reduce indebtedness. **Office**—1720 East 38th St., Indianapolis, Ind. **Underwriters**—Indianapolis Bond & Share Corp. and Kiser Cohn, & Shumaker, Inc., both of Indianapolis, and Walston & Co., Inc., of New York City. **Offering**—Expected sometime in November.

Samson Convertible Securities Fund, Inc.
July 15 filed 200,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For investment. **Office**—23 Hazelton Circle, Briarcliff Manor, N. Y. **General Distributor**—Samson Associates, Inc. **Offering**—Expected in late October.

San Diego Gas & Electric Co. (11/4)
Oct. 6, 1959 filed 500,000 shares of common stock (par $10) to be offered for subscription by common stockholders on the basis of one new share for each eight shares held of record Nov. 4; rights to expire Nov. 24. **Price**—To be supplied by amendment. **Proceeds**—To reimburse treasury funds of the company. **Office**—San Diego, Calif. **Underwriter**—Blyth & Co., Inc., New York and San Francisco.

Savage Boats, Inc., Reynoldsville, Pa.
Oct. 7 (letter of notification) 20,000 shares of class A 6% cumulative preferred stock (par $5) and 20,000 shares of class B common stock (par 20 cents) to be offered in units of five shares of class A preferred and five shares of class B common. **Price**—$37.50 per unit. **Proceeds**—For working capital. **Underwriter**—None.

Scaico Controls, Inc.
Sept. 23 (leter of notification) 240,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—For research and development; increaese of plant facilities; sales and training program; sales promotion and for general corporate purposes. **Office**—P. O. Box 41, 450 Cooper St., Delanco, N. J. **Underwriter**—Albion Securities Co., Inc., 11 Broadway, New York 4, N. Y.

● **Scott & Fetzer Co. (11/16-23)**
Oct. 15 filed 100,000 shares of outstanding common stock. **Price**—To be supplied by amendment. **Proceeds**—To two company officials, the selling stockholders. **Office**—1920 West 114th Street, Cleveland, O. **Underwriters**—McDonald & Co., Cleveland, and Kidder, Peabody & Co., New York.

★ **Scott-Mattson Farms, Inc.**
Oct. 27 filed 67,500 shares of outstanding common stock. **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—Professional Building, Ft. Pierce, Fla. **Underwriter**—R. S. Dickson & Co., Charlotte, N. C.

★ **Seligman & Latz, Inc.**
Oct. 28 filed 250,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Business**—The company operates 259 beauty salons in leased premises in leading department and specialty stores. **Underwriter**—F. Eberstadt & Co., New York.

Service Life Insurance Co.
Aug. 25 filed 25,000 outstanding shares of common stock (par $1). **Price** — $20 per share. **Proceeds** — To selling stockholder. **Office**—400 West Vickery Blvd., Fort Worth, Texas. **Underwriter**—Kay and Company, Inc., Houston, Texas.

● **Servo Corp. of America (11/6)**
Sept. 11 filed $1,000,000 of conv. subord. debens. due Oct. 1, 1974. **Price**—100% of principal amount. **Proceeds**—$300,000 for working capital; $300,000 for increased development and research, with particular attention to civilian products; $200,000 for plant relocation and consolidation at the Hicksville, N. Y., site and for expansion of equipment; $100,000 for sales promotion and related activities; and $100,000 for general corporate purposes. **Office**—20-20 Jericho Turnpike, New Hyde Park, L. I., N. Y. **Underwriter**—Ira Haupt & Co., New York.

Sheaffer (W. A.) Pen Co.
Oct. 5 (letter of notification). An undetermined number of shares of class A common stock (par $1) and class B common stock (par $1) not to exceed $50,000. The shares may be purchased in blocks of not less than five by employees who have been with the company for at least five years. **Price**—At the most recent Midwest Stock Exchange quotation. **Proceeds** — For working capital. **Office** — 301 Avenue H, Fort Madison, Iowa. **Underwriter**—None.

Shield Chemical Ltd.
Sept. 8 (letter of notification) 95,000 shares of capital stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—To purchase and install manufacturing equipment; control and test equipment; advertising and for working capital. **Office**—17 Jutland Road, Toronto, Canada. **Underwriter**—Peters, Writer & Christensen, Inc., Denver, Colorado.

Simon Hardware Co.
Sept. 14 filed $800,000 of 7% sinking fund subordinated debentures, due Sept. 30, 1971, and 80,000 shares of common stock (no par), to be offered in units of $1,000 principal amount of debentures and 100 shares of common stock, transferable only as units until March 31, 1960. The securities will also be offered in half-units of one $500 debenture and 50 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To open one or more additional retail stores in Northern California, with the balance to be used for general corporate purposes. **Office** — 800 Broadway, Oakland, Calif. **Underwriters**—J. S. Strauss & Co., and York & Co., both of San Francisco, Calif., and Mason Brothers, Oakland, Calif.

(J. M.) Smucker Co. (11/16-20)
Oct. 12 filed 165,000 shares of outstanding common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Orrville, Ohio. **Underwriter**—McDonald & Co., Cleveland, Ohio.

Sottile, Inc. (Formerly South Dade Farms, Inc.)
July 29 filed 2,000,000 shares of common stock (par $1), of which 1,543,000 shares are to be issued and sold for the account of the company, and 457,000 shares, representing outstanding stock, to be sold for the accounts of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To retire 70% of the common stock outstanding at the date of the stock offering; to invest in the capital stocks of six of the company's seven bank subsidiaries; to repay a bank loan of $6,400,000; to add to working capital; to retire certain long-term indebtedness; and to develop citrus groves. **Office**—250 South East First Street, Miami, Fla. **Underwriter**—Bear, Stearns & Co., New York. **Offering**—Indefinite.

Southern Frontier Finance Co.
Aug. 11 filed 1,300,000 shares of common stock (par 50 cents). **Price**—$1 per share. **Proceeds**—For working capital and to be used for the purchase of receivables covering the installment financing of consumer products or other types of financing in which the company may engage. **Office** — 615 Hillsboro St., Raleigh, N. C. **Underwriter**—None, but the company officials, who are making the offering, may pay a 10% commission to dealers in connection with the sale of their shares. Statement effective Oct. 15.

Southern Gulf Utilities, Inc. (11/2-6)
Aug. 24 filed 135,000 shares of common stock (par 5c). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including expansion. **Office**—7630 Biscayne Blvd., Miami, Fla. **Underwriter**—Jaffee, Leverton, Reiner Co., New York.

Southwest Airmotive Co.
Sept. 18 filed 200,000 shares of common stock (par $1), of which 100,000 shares are to be offered for the account of the issuing company, and 100,000 shares are to be offered for the accounts of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, will be used for general corporate purposes, including the addition of working capital, and the providing of funds for adding to jet-engine overhaul facilities, including the purchase of shop equipment and special tooling required for this purpose. **Office**—7515 Lemmon Ave., Dallas, Tex. **Underwriters** — Rauscher, Pierce & Co., Inc. and Dallas Rupe & Son, Inc., both of Dallas, Tex.

● **Span America Boat Co., Inc. (11/9)**
Sept. 9 (letter of notification) 175,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—To purchase raw materials; for sales program and working capital. **Address**—Exposition Park, Fort Dodge, Iowa. **Underwriter** — R. A. Holman & Co., Inc., New York, New York.

● **Sports Arenas (Delaware) Inc.**
Nov. 18 filed $2,000,000 of 6% 10-year convertible debentures (subordinated), due Jan. 1, 1969. **Price**—To be supplied by amendment. **Proceeds**—$750,000 to pay AMF Pinspotters, Inc. for bowling alley beds; $350,000 to pay for other installations, fixtures and equipment; $85,000 to expand two present establishments by increasing the number of alley beds by eight at Yorktown Heights and by six at Wilton Manor Lanes, Fort Lauderdale; $300,000 for deposits on leaseholds, telephones and utilities; and $395,000 for working capital. **Underwriter**—None. On Oct. 27 the SEC suspended the registration statement.

● **Sports Arenas (Delaware) Inc.**
Nov. 18 filed 461,950 shares of common stock (par one cent). **Price**—At the market (but in no event less than $6 per share). **Proceeds**—To selling stockholders. **Office**—33 Great Neck Road, Great Neck, N. Y. **Underwriter**—None. On Oct. 27 the SEC suspended the registration statement.

● **Standard Beryllium Corp. (10/26)**
Sept. 3 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$1.50 per share. **Proceeds**—For working capital and general corporate purposes. **Office**—150 E. 43rd St., New York 17, N. Y. **Underwriter**—R. G. Williams & Co., Inc., New York, N. Y.

● **State Industries (11/10)**
Oct. 5 filed $500,000 of 6% convertible subordinated debentures, due Oct. 1, 1974. **Price**—At 100% of principal amount. **Proceeds**—For general corporate purposes, including the purchase and installation of a modern paint plant, and the purchase and installation of new tube mill equipment. **Office**—4019 Medford St., Los Angeles, Calif. **Underwriter**—John Keenan & Co., Inc., Los Angeles.

★ **Stauffer Chemical Co.**
Oct. 22 filed 25,412 shares of common stock, to be reserved for issuance upon the exercise of options outstanding under the Stock Option Plan of Victor Chemical Works, the merger of which into the issuing company is expected shortly. **Office**—380 Madison Avenue, New York City.

Steak'n Shake, Inc. (11/4)
Aug. 24 filed 65,505 shares of common stock, to be offered by subscription by common stockholders of record Sept. 15, 1959, on the basis of one new share for each 9 shares then held. **Price**—$4.62½ per share to stockholders; unsubscribed shares will be publicly offered at $5 per share. **Proceeds**—For general corporate purposes, including the developing of three drive-in restaurants on company-owned building sites. **Office**—1700 West Washington St., Bloomington, Ill. **Underwriter**—White & Co., St. Louis, Mo. The warrants will be mailed out on or about Nov. 4 and will expire on or about Nov. 18.

Stelling Development Corp.
June 8 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For mortgages, land, paving roads, loans payable, advertising, etc. **Office**—305 Morgan St., Tampa 2, Fla. **Underwriter**—Stanford Corp., Washington, D. C.

★ **Storm Mountain Ski Corp.**
Oct. 14 filed $225,000 of 6% to 7% first mortgage convertible serial bonds due 1965-1975, and 500,000 shares of common stock (par $1). **Price**—For bonds, 100%; and for common stock, $1 per share. **Proceeds**—For working capital. **Office**—Steamboat Springs, Colo. **Underwriter**—None.

★ **Stouffer Corp. (Cleveland, Ohio)**
Oct. 27 filed 90,000 shares of common stock, to be offered to employees under the issuing company's 1959 Executive Stock Option Plan.

Strategic Materials Corp.
June 29 filed 368,571 shares of common stock (par $1), to be offered for subscription by common stockholders at the rate of one new share for each five shares held. **Price**—To be supplied by amendment. **Proceeds**—For payment of bank loans; for payment of a note; for working capital; for expenditures by Strategic-Udy Metallurgical & Chemical Processes Ltd., which owns and operates a pilot plant at Niagara Falls, Ontario, and is a subsidiary of Stratmat Ltd., Strategic's principal subsidiary, and by its other direct subsidiary, Strategic-Udy Processes, Inc., which owns and operates a laboratory at Niagara Falls, N. Y.; as working capital for a mining subsidiary; for payment of a mortagage; and as working capital for another subsidiary. **Underwriters** — S. D. Lunt & Co., Buffalo, N. Y.; and Allen & Co., New York.

Superior Manufacturing & Instrument Corp.
Oct. 12 (letter of notification) 80,000 shares of common stock (par 50 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—154-01 Barclay Ave., Flushing 55, N. Y. **Underwriter**—D. A. Lomasney & Co., New York, N. Y.

Supermarket Service, Inc.
Oct. 14 (letter of notification) 9,000 shares of common stock (no par). **Price**—$11.50 per share. **Proceeds**—For working capital. **Office** — 103 E. Main St., Plainville, Conn. **Underwriter** — E. T. Andrews & Co., Hartford, Conn.

Sylvania Electric Products, Inc. (11/4)
Sept. 1 filed $25,000,000 of sinking fund debentures, due Sept. 1, 1984. **Price** — To be supplied by amendment. **Proceeds**—To be applied to indebtedness. **Office**—730 Third Avenue, New York. **Underwriters**—Paine, Webber, Jackson & Curtis, and Halsey, Stuart & Co. Inc., both of New York.

Tennessee Gas Transmission Co.
Aug. 21 filed 473,167 shares of common stock (par $5), being exchanged for common stock of East Tennessee Natural Gas Co. on the basis of one share of Tennessee Gas Common for 2.75 shares of East Tennessee common. This offer is subject to various conditions, one of which is that all of the 5.20% cumulative preferred stock ($25 par) of East Tennessee shall have been purchased or redeemed and cancelled. East Tennessee is presently negotiating for the sale of $5,800,000 of which 11-year 5¾% debentures, contingent upon the consummation of the exchange offer, $4,568,785 of the proceeds of which will be applied to the redemption of the 5.20% cumulative preferred stock. Exchange offer will expire on Nov. 16, 1959, unless otherwise extended. **Office**—Tennessee Bldg., Houston, Texas. **Dealer-Managers** — Stone & Webster Securities Corp., and White, Weld & Co., both of New York. Statement effective Oct. 1.

★ **Tennessee Gas Transmission Co. (11/10)**
Oct. 21 filed 300,000 shares of cumulative convertible second preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To reduce short-term debt incurred for expansion. **Office** — Houston, Texas. **Underwriters** — Stone & Webster Securities Corp., and White, Weld & Co., both of New York City.

Tex-Tube, Inc.
Oct. 6 filed 150,000 shares of common stock, (par $1), of which 100,000 shares are to be offered for the account of the issuing company and 50,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds** — To discharge bank loans, for capital improvements, and to increase working funds. **Office**—1503 North Post Road, Houston, Texas. **Underwriter**—Moroney, Beissner & Co., Houston. **Offering**—Expected in early November.

Timeplan Finance Corp.
Oct. 8 (letter of notification) 28,570 shares of cumulative preferred stock (par $5) and 14,285 shares of common stock (par 10 cents) to be offered in units of one share of preferred and one-half share of common. **Price**—$10.50 per unit. **Proceeds**—For working capital. **Office**

—111 E. Main St., Morristown, Tenn. **Underwriter**—Texas National Corp., San Antonio, Tex.

Tower's Marts, Inc.
Aug. 28 filed 300,000 shares of class A common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To reduce indebtedness by about $300,000, with the balance to be added to working capital of the company and its subsidiaries. **Office**—210 East Main Street, Rockville, Conn. **Underwriters**—To be supplied by amendment.

Town Enterprises, Inc.
Sept. 30 filed 200,000 shares of class A common stock. (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—For expansion, and for the reduction of indebtedness. **Office**—902 Orange Street, Wilmington, Del. **Underwriter** — Johnston, Lemon & Co., Washington, D. C.

Transcon Petroleum & Development Corp., Mangum, Okla.
March 20 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For development of oil properties. **Underwriter**—First Investment Planning Co., Washington, D. C.

The Transportation Plan, Inc.
Oct. 7 filed $600,000 of 7% convertible subordinated debentures, due November, 1969, 60,000 shares of common stock (par one cent) and 30,000 common stock purchase warrants, to be offered in units consisting of $100 of debentures, 10 common shares, and 5 warrants. **Price**—$150 per unit. **Proceeds**—For general corporate purposes, including working capital. **Office**—120 Broadway, New York City. **Underwriter**—Ross, Lyon & Co., Inc., New York.

Transwestern Pipeline Co. (11/18)
Oct. 20 filed $40,000,000 of 5% subordinated debentures due 1969 and 2,000,000 shares of common stock (par $1), to be offered in units consisting of $100 principal amount of debentures and five shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—Will be used as part of a total estimated financial requirement of $194,498,000 to construct and put into operation a pipeline system to supply natural gas to the customers of Pacific Lighting Company's subsidiaries. **Underwriters**—Lehman Brothers and Merrill Lynch, Pierce, Fenner & Smith Inc., both of New York.

★ **Trans-World Financial Co. (12/7-12)**
Oct. 26 filed 655,000 shares of common stock, of which 420,000 shares are to be offered for the account of the issuing company, and 225,000 shares are to be offered for the accounts of the present holders thereof. **Price** — To be supplied by amendment. **Proceeds** — To repay bank loans on its own behalf and that of a subsidiary, and to liquidate the unpaid balance for the common stock of a subsidiary, with the balance to be added to general funds. **Office** — 8001 Beverly Boulevard, Los Angeles, Calif. **Underwriter**—W. R. Staats & Co., Los Angeles, who has acquired for investment purposes in exchange for $20,000 cash the 10,000 shares of the filing not accounted for above.

Tri Metal Works, Inc.
Oct. 5 (letter of notification) 60,000 shares of 40 cents cumulative convertible preferred stock (par $1). **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office**—Bannard & Warrington Aves., East Riverton, N. J. **Underwriter**—R. L. Scheinman & Co., New York, N. Y.

1960 Trice Oil and Gas Co.
Oct. 2 filed $5,500,000 of participations in Programs 6001-4. **Price**—$5,000 per unit. **Proceeds**—For acquisition and development of undeveloped oil and gas properties. **Office**—Longview, Texas. **Underwriter**—None.

Trinity Small Business Investment Co.
April 17 filed 235,000 shares of capital stock (par $1). **Price** — $10.75 per share. **Proceeds** — For investment. **Office**—South Main Street, Greenville, S C **Underwriter**—To be supplied by amendment. Statement effective Sept. 25.

Tungsten Mountain Mining Co.
May 21 (letter of notification) $100,000 principal amount of 7% first mortgage convertible bonds, to be offered in denominations of $500 and $1,000 each. **Price**—100% of principal amount. **Proceeds**—For construction, installation of machinery and equipment and working capital. **Office**—511 Securities Building, Seattle 1, Wash. **Underwriter**—H. P. Pratt & Co., Seattle 4, Wash.

United Employees Insurance Co.
April 16 filed 2,000,000 shares of common stock (par $5) **Price** — $10 per share. **Proceeds** — For acquisition of operating properties, real and/or personal, including office furniture, fixtures, equipment and office space, by lease or purchase. **Office** — Wilmington, Del. **Underwriter**—None. Myrl L. McKee of Portland, Ore., is President.

★ **United Marine, Inc. (12/1)**
Oct. 23 filed $1,250,000 of 6% sinking fund debentures, due Dec. 1, 1974, with warrants to purchase 100 common shares for each $1,000 of debentures, and 125,000 shares of common stock (par $1), to be offered in units of 100 common shares and $1,000 of such debentures. **Price**—$1,125 per unit. **Proceeds**—For the acquisition of Richardson Boat Co., Inc., and Colonial Boat Works, Inc., and expenses incidental thereto. **Office**—Millville, N. J. **Underwriter**—Boenning & Co., Philadelphia, Pa.

★ **United Merchants & Manufacturers, Inc.**
Oct. 22 filed $500,000 of interests in its Employee Stock Purchase Plan, together with 30,000 common shares which may be issued pursuant to said plan, 56,500 common shares for issuance under the Executive Employee Restricted Stock Option Plan of 1951, and 100,000 common shares for issuance under its Executive Employees' Restricted Stock Option Plan for 1959. **Office** — 1407 Broadway, New York City.

● **United States Fidelity & Guaranty Co.**
Oct. 8 filed 910,743 shares of capital stock (par $5) to be offered to stockholders on the basis of one new share for each five shares held of record Oct. 28. The warrants will expire Nov. 17. **Price**—$26.50 per share. **Proceeds**—To increase capital and surplus. **Underwriters**—Alex. Brown & Sons, Baker, Watts & Co., John C. Legg & Co. and Stein Bros. & Boyce, all of Baltimore, Md.

United Tourist Enterprises, Inc.
Jan. 28 filed 4,500,000 shares of class A common stock (par 50 cents). **Price** — $2 per share. **Proceeds** — For development and construction of a "Western Village" and for construction of a Grand Estes Hotel and Convention Hall, to be constructed in the immediate vicinity of Estes Park Chalet, located in Larimer County, Colo. **Office** — 330 South 39th Street, Boulder, Colo. **Underwriter**—Mid-West Securities Corp., Littleton, Colo. Statement effective Oct. 9.

Universal Container Corporation (11/16-20)
Sept. 25 filed 167,500 shares of common stock (par 10 cents), of which 150,000 shares are to be publicly offered. **Price**—$4 per share. **Proceeds** — For general corporate purposes, including provision of funds for the purchase of the assets of a similarly engaged enterprise, working capital, new equipment, and expansion. **Office**—Louisville, Ky. **Underwriter**—Michael G. Kletz & Co., New York.

Universal Finance Corp.
July 13 (letter of notification) 10,000 shares of common stock (par 15 cents). **Price**—$5 per share. **Proceeds**—For general operating funds. **Office**—700 Gibralter Life Bldg., Dallas, Tex. **Underwriter**—Texas National Corp., San Antonio, Tex.

Urethane Corp.
Sept. 25 filed 170,000 shares of class A capital stock (par $5) and 170,000 shares of common stock (par 5 cents), to be offered in units of one class A share and one common share. An additional 170,000 shares of common stock will be offered to the founders of the company and to the underwriters. **Price**—$5.05 per unit. **Proceeds**—For general corporate purposes, including the purchase of supplies, machinery, and equipment, and the leasing of a Los Angeles plant for manufacturing purposes. **Office**—235 Montgomery St., San Francisco, Calif. **Underwriters**—Wilson, Johnson & Higgins of San Francisco, and Evans, MacCormack & Co., of Los Angeles. Statement was expected to become effective on or about Oct. 27.

Val Vista Investment Co., Phoenix, Ariz.
June 29 filed 80 investment contracts (partnership interests) to be offered in units. **Price**—$5,378.39 per unit. **Proceeds**—For investment. **Underwriter**—O'Malley Securities Co. Statement effective Aug. 11.

Variable Annuity Life Insurance Co. of America
April 21 filed $4,000,000 of Variable Annuity Policies. **Price**—No less than $120 a year for annual premium contracts and no less than $1,500 for single premium cont cts. **Proceeds**—For investment, etc. **Office**—1832 M Street, N. W., Washington, D. C. **Underwriter**—None.

Vita-Plus Beverage Co., Inc.
Aug. 11 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For publicity, advertising, business promotion and initiation of a program of national distribution and for working capital. **Office**—373 Herzl St., Brooklyn, N. Y. **Underwriter**—Glen Arthur & Co., New York, N. Y.

Vulcan Materials Co., Inc.
June 29 filed 10,000 shares of 6¼% cumulative preferred stock and 560,000 shares of common stock, to be offered to the stockholders of Ralph E. Mills Co., Talbott Construction Corp. and Talco Constructors, Inc., in exchange for all the outstanding capital stock of these three corporations, and to the owner of Sherman Concrete Pipe Co., Chattanooga, Tenn., for the business and assets of that company. **Office**—Mountain Brook, Ala. Statement became effective on July 20.

● **Waltham Engineering and Research Associates (11/2)**
July 28 filed $1,065,000 of participations in partnership interests. **Proceeds**—To purchase land and buildings of Waltham Engineering and Research Center, Waltham, Mass., and for expenses connected to the purchase. **Office**—49 W. 32nd Street, New York 1, N. Y. **Underwriter**—The First Republic Underwriters Corp., same address.

Washington Mortgage and Development Co., Inc.
Sept. 29 filed 100,000 shares of common stock (par 10c) **Price**—$5 per share. **Proceeds**—For investment in mortgage notes secured by real estate. **Office**—1028 Connecticut Ave., N. W. Washington, D. C. **Underwriters**—American Diversified Mutual Securities, Inc. and Gildar & Co., both of Washington, D. C.

Washington Planning Corp. (11/2-6)
Oct. 1 (letter of notification) 24,286 shares of new class A stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To go to the company. **Office**—52 Broadway, New York 4, N. Y. **Underwriter**—Heft, Kahn & Infante, Hempstead, N. Y.

● **Waukesha Motor Co.**
Oct. 1 filed approximately 100,000 shares of common stock being offered for subscription by common stockholders on the basis of one new share for each five shares held of record Oct. 27, 1959; rights to expire on Nov. 12. **Price**—$39 per share. **Proceeds**—To repay bank loans and for working capital. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith, Inc., New York.

Wellington Electronics, Inc.
May 6 filed 240,000 shares of common stock (par 75 cents. **Price**—$6 per share. **Proceeds**—For repayment of a bank note; to complete the automation of the etched foil production plant at Englewood, N. J.; for manufacture of machines to be leased to capacitor manufacturers; and for working capital. **Office**—65 Honeck St., Englewood, N. J. **Underwriters**—Amos Treat & Co., Inc., and Truman, Wasserman & Co., both of New York. Statement effective July 8.

Western Wood Fiber Co.
March 5 filed 100,000 shares of common stock (par $10) and 40,000 shares of preferred stock (par $25). **Price** — At par. **Proceeds**—For construction and equipment of company's plant and for working capital. **Office**—300 Montgomery St., San Francisco, Calif. **Underwriter**—None.

West Florida Natural Gas Co.
Aug. 31 filed $837,200 of 7½% 30-year subordinated income debentures and warrants to purchase 25,116 shares of class A common stock ($1 par). **Price**—$100 per unit consisting of one $100 debenture and a warrant to purchase three shares of class A common stock. **Proceeds**—To be applied, together with moneys in the sinking fund of the issuing company, to the redemption of the outstanding 6% 20-year debenture bonds at their redemption price of 103% of their principal amount. **Office**—Maple and 3rd Streets, Panama City, Fla. **Underwriter**—Beil & Hough, Inc., St. Petersburg, Fla.

Western Heritage Life Insurance Co.
Aug. 26 filed 500,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—533 East McDowell Road, Phoenix, Ariz. **Underwriter**—None. Some of the shares may be sold by salesmen employed by the company, or by registered broker-dealers. A commission not to exceed 17%, or 34 cents per share, may be paid to sellers of such shares.

Western Reserve Life Assurance Co.
Oct. 6 filed 100,000 shares of common stock, to be offered for subscription by stockholders at the rate of one new share for each share held. **Price**—To be supplied by amendment. **Proceeds** — For working capital. **Office**—Cleveland, Ohio. **Underwriters**—McDonald & Co., and Ball, Burge & Kraus, both of Cleveland, Ohio.

★ **Western Wool Processors, Inc.**
Oct. 19 (letter of notification) 450,000 shares of common stock (par one cent). **Price**—50 cents per share. **Proceeds**—To retire notes and for working capital and supplies. **Office**—314 First National Bank Bldg., Colorado Springs, Colo. **Underwriter**—None.

● **White Shield Corp., New York**
Oct. 20 filed 110,000 shares of common stock (par 10c). **Price**—To be supplied by amendment. **Proceeds**—For advertising and general funds. **Underwriter**—The shares are to be offered on an "all or none" basis by Adams & Peck, of New York, who will advise the issuing company before the close of business on the third full business day following the effective date of registration as to whether they will purchase the shares.

★ **Winkelman Bros. Apparel, Inc. (12/1)**
Oct. 22 filed 145,000 shares of class A common stock (par $3), of which 70,000 shares are to be offered for the account of the company and 75,000 shares, representing outstanding stock, are to be offered for the accounts of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—25 Parsons St., Detroit, Mich. **Underwriter**—Watling, Lerchen & Co., Detroit.

★ **World Publishing Co. (11/17)**
Oct. 23 filed 100,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For plant and working capital. **Office**—2231 W. 110th Street, Cleveland, Ohio. **Underwriter**—Joseph, Mellen & Miller, Inc., Cleveland, Ohio and New York.

Wyoming Nuclear Corp.
Sept. 11 (letter of notification) 10,000,000 shares of common stock. **Price**—At par (three cents per share). **Proceeds**—For mining expenses. **Office**—Noble Hotel Bldg., Lander, Wyo. **Underwriter**—C. A. Benson & Co., Inc., Pittsburgh, Pa.

Prospective Offerings

American Gypsum Co.
July 15 it was reported that the company will register debt and equity securities later this year. **Proceeds**—For construction of a gypsum products plant in Albuquerque, New Mexico, and for working capital. **Office**—Albuquerque, N. M. **Underwriters**—Jack M. Bass & Co., Nashville, Tenn., and Quinn & Co., Albuquerque, N. M.

★ **American Hospital Supply Corp.**
Oct. 28 directors of this company have authorized an additional equity financing, number of shares has not as yet been determined. **Proceeds**—For company's expansion program, to retire bank loans, and for general corporate purposes. **Underwriters**—Eastman Dillon, Union Securities & Co. and Smith, Barney & Co., both of New York.

American Jet School, Inc., Lansing, Mich.
Aug. 31 it was announced that the corporation plans to issue and sell 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For expansion of present Michigan and Ohio sales force to a national one, and introduction of new courses and resident study schools. **Business** — In correspondence school business. **Office**—1609 Kalamazoo St., Lansing, Mich. **Underwriter** — In New York, to be named.

Bell Telephone Co. of Pennsylvania
Sept. 25 it was announced that the company plans the sale of $30,000,000 of debentures dated Dec. 1, 1959. **Proceeds** — To replace short-term borrowings used to finance construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co.;

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White, Weld & Co. and Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Expected to be received on Dec. 15.

Benson Manufacturing Co., Kansas City, Mo.
June 10 it was announced that the company contemplates an offering of $4,500,000 of common stock. **Proceeds**—For expansion program and additional working capital. **Business**—The company is engaged in the manufacture of aircraft and missile parts, aluminum containers and beer barrels, aluminum curtain wall sections for the building industry and other proprietary products. **Underwriter**—S. D. Fuller & Co., New York.

Bridgeport Gas Co.
Sept. 9 it was announced that stockholders were to be asked on Oct. 27 to approve the issuance of about $1,100,000 in new common stock to stockholders in ratio of one new share for each seven shares held. **Proceeds** — To reimburse the company's treasury for expansion and expenditures. **Underwriter**—Previous financing was arranged through Smith, Ramsey & Co., Inc., Bridgeport, Conn.

Brooklyn Union Gas Co.
Aug. 19 it was reported that the company is contemplating some additional equity financing, the form it will take will be decided on shortly. **Proceeds**—For construction program. **Offering**—Expected before the end of the year.

Coffee House, Inc., Lansing, Mich.
Aug. 31 it was announced company plans to issue and sell 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds** — To build chain of coffee houses, establish commissaries and for general corporate purposes. **Office** — 1500 Clifton Ave., Lansing, Mich. **Underwriter**—In New York, to be named.

Consolidated Edison Co. of New York Inc. (12/1)
July 30 it was reported that the company plans the issuance and sale of $50,000,000 first and refunding mortgage bonds. **Proceeds** — For construction expenditures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp. **Bids**—Expected to be received on Dec. 1.

Consolidated Natural Gas Co.
May 19, James Comerford, President, announced that company plans later in year to issue and sell $20,000,000 of debenture bonds, if market conditions are favorable. **Proceeds**—For investments, improvements, etc. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. and The First Boston Corp. (jointly); White, Weld & Co. and Paine, Webber, Jackson & Curtis (jointly).

Cyprus Mines Corp.
July 15 it was reported that approximately 1,000,000 shares of a secondary issue common stock will be registered. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

Dallas Power & Light Co.
Aug. 3 it was reported that the company contemplates the issuance and sale of about $20,000,000 of senior securities, but type or types has not as yet been determined. **Underwriter**—To be determined by competitive bidding. Probable bidders: (1) For bonds: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Salomon Bros. & Hutzler; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Eastman Dillon, Union Securities & Co.; Blair & Co., Inc. and Baxter & Co. (jointly); Lehman Brothers. (2) For debentures: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Blyth & Co., Inc. and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Salomon Bros. & Hutzler; Equitable Securities Corp.; Eastman Dillon, Union Securities & Co.; Lehman Brothers; Blair & Co. Inc.; The First Boston Corp. **Offering**—Expected sometime this Fall.

Duquesne Light Co.
Aug. 3 it was reported that the company is contemplating the issuance of an undetermined amount of subordinated convertible debentures. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Eastman Dillon, Union Securities & Co.; A. C. Allyn & Co., Inc. and Ladenburg, Thalmann & Co. (jointly); White, Weld & Co.; The First Boston Corp. and Glore, Forgan & Co. (jointly); Blyth & Co., Inc.; Drexel & Co. and Equitable Securities Corp. (jointly). **Offering**—Expected later this year.

★ **First National Bank of Jersey City, N. J.**
Oct. 29 directors of this bank proposed a 31,000 share subscription offering to its shareholders. Shareholders would be given the right to subscribe pro-rata on the basis of about one new share for each 6.09 shares held. **Price**—$53 per share. **Proceeds**—To increase capital and surplus.

First National Bank of Miami, Fla.
Sept. 14 it was announced stockholders have approved a proposed offering to stockholders of 150,000 additional shares of capital stock (par $10) on the basis of one new share for each four shares held. **Price**—$40 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None.

★ **Florida West Coast Corp.**
Oct. 22 it was reported that a public offering of common stock is expected later this year. **Proceeds** — For land acquisition. **Office**—30 East 60th Street, New York City. **Underwriter**—Midtown Securities Corp., same address.

Georgia-Pacific Corp.
Aug. 19 it was reported that the company plans to register about $10,000,000 of convertible preferred stock, conversion of which would add about 600,000 shares to the number of common shares currently outstanding. **Proceeds** — For expansion. **Office** — Olympia, Wash. **Underwriter**—Financing in past has been handled by Blyth & Co., Inc. **Offering**—Expected later this year.

Hawaiian Telephone Co.
Aug. 3 it was reported company received approval from the Territorial Public Utilities Commission to issue about $4,500,000 of new bonds. Last bond issues were placed privately.

● **Independent Radio, Inc., Lansing, Mich.**
Aug. 31 it was announced company plans to issue and sell 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For acquisition of radio stations. **Business**—Radio broadcasting. **Office**—130 Shepard St., Lansing, Mich. **Underwriter**—In New York, to be named.

Kansas City Power & Light Co.
Dec. 29 it was reported that the company plans to issue and sell $20,000,000 of first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey Stuart & Co. Inc.; The First Boston Corp. and Blyth & Co., Inc. (jointly); Equitable Securities Corp.; White Weld & Co. and Shields & Co. (jointly); Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Eastman, Dillon, Union Securities & Co. (jointly); Lehman Brothers and Bear Stearns & Co. (jointly). **Bids**—Expected later in the year, or early in 1960.

● **National Mail Order Co., Lansing, Mich.**
Oct. 5 it was announced company plans to register an issue of 100,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For expansion and working capital. **Office**—130 Shepard St., Lansing, Mich. **Underwriter**—To be named later in New York State.

New England Telephone & Telegraph Co.
Aug. 19 it was reported that the company will issue and sell $10,000,000 of preferred stock. **Proceeds**—For capital expenditures. **Underwriter** — To be determined by competitive bidding. Probable bidders: Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith Inc. and Eastman, Dillon, Union Securities & Co. (jointly); Equitable Securities Corp., Kidder, Peabody & Co., Lee Higginson Corp. and White, Weld & Co. (jointly); Blyth & Co., Inc. **Bids**—Expected to be received sometime in December.

New England Power Co. (12/9)
Sept. 17 it was announced that this company plans to issue and sell 100,000 shares of cumulative preferred stock (par $100). **Underwriter**—To be determined by competitive bidding. Probable bidders: Lehman Brothers; Equitable Securities Corp.; Kidder, Peabody & Co.; Lee Higginson Corp., and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc., and Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Expected to be received on Dec. 9.

New-Era Corporation, Rochester, Mich.
Sept. 1 it was reported that this company contemplates the early registration of approximately 200,000 shares of common stock. **Business**—Manufacturer of mufflers and gears. Underwriter—Mortimer B. Burnside & Co., Inc., New York. **Registration**—Expected shortly.

★ **Public Service Electric & Gas Co.**
Oct. 21 it was announced that the company on that date filed an application with the Board of Public Utility Commissioners of the State of New Jersey covering the proposed issuance and sale of 800,000 shares of common stock (without nominal or par value). **Proceeds**—To be added to the general funds of the company and will be used for its general corporate purposes, including payment before maturity of any unsecured bank loans which may be outstanding, and including payment of a portion of the cost of its current construction program. **Offering**—Expected in December.

Ryder System Inc.
Aug. 3 it was reported that the company plans issuance this Fall of an additional 75,000 shares of present common stock (par $5), or 150,000 shares of new common stock (par $2.50). The ICC has approved the proposed two-for-one stock split. **Underwriter**—Blyth & Co., Inc., New York.

South Carolina Electric & Gas Co.
June 22, S. C. McMeekin, President, announced plans to sell approximately $8,000,000 of bonds in December, 1959. **Proceeds**—To repay bank loans incurred for current construction program. Previous issues have been placed privately.

★ **Southern Pacific Co.**
Bids will be received by the company up to noon (EST) on Nov. 4 at Room 2117, 165 Broadway, New York 6, N. Y., for the purchase from it of $6,000,000 principal amount of equipment trust certificates, series No. 7, to mature in 15 equal annual instalments. Probable bidders: Halsey, Stuart & Co. Inc. and Salomon Bros. & Hutzler.

Tampa Electric Co.
Sept. 14 it was reported that the company is planning the sale of about $7,000,000 of additional common stock, probably in the form of a rights offering and a negotiated underwriting. Last rights offering was underwritten by Stone & Webster Securities Corp., New York.

★ **Telechrone Manufacturing Co.**
Oct. 28 it was reported that this company has acquired a half-interest in Hammarlund Manufacturing Corp. from the estate of Joseph Lush for cash. A common stock offering will be registered in about two weeks. **Underwriters**—Amos Treat & Co. and Truman Wasserman & Co., both of New York.

● **Transcon Lines**
Oct. 9 filed an application with the ICC seeking permission to issue 57,000 shares of common stock (par $2.50), of which 45,000 shares will be offered for the account of the company and 12,000 shares are to be offered for the account of a selling stockholder. **Price**—To be supplied by amendment. **Proceeds**—The proceeds in entirety will be used to reduce equipment obligations owing to the Bank of America National Trust & Savings Association. **Underwriter**—Dempsey-Tegeler & Co., St. Louis, Mo. **Offering**—Expected in November.

Transcontinental Gas Pipe Line Corp.
Sept. 29 it was announced that the company plans to come to market twice in 1960 with the sale of first mortgage bonds, and common and preferred stock. **Proceeds**—To raise permanent funds for the financing of its 1960 expansion program. **Office**—Houston, Texas.

Trav-ler Radio Corp.
Sept. 10 it was reported that the company is contemplating the issuance and sale of some additional common stock. **Underwriters**—Lee Higginson Corp., New York; and Straus, Blosser & McDowell, Chicago, Ill.

★ **Union Bank, Los Angeles, Calif.**
Oct. 16 the bank offered 260,000 additional shares of its capital stock (par $7.50) to its stockholders of record Oct. 15, 1959, on the basis of one new share for each seven shares then held; rights to expire on Nov. 2. **Price**—$38.50 per share. **Proceeds**—To increase capital and surplus. **Underwriters** — Blyth & Co., Inc., and Stern, Frank, Meyer & Fox, both of Los Angeles, Calif.

Worcester County Electric Co. (12/7)
Sept. 17 it was announced that this company plans to issue and sell $7,500,000 of first mortgage bonds, series E, due 1989. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Blyth & Co., Inc., and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; The First Boston Corp.; Coffin & Burr, Inc. **Bids**—Expected to be received on Dec. 7.

World Fidelity Life Insurance Co.
Aug. 17 it was reported that the company plans to use its best efforts to register 5,000,000 shares of common stock with the SEC. **Price**—$1 per share. **Office**—314 First National Bank Bldg., Colorado Springs, Colo.

National Key Co. Stock All Sold

C. E. Unterberg, Towbin Co. headed an underwriting group on Oct. 23 which offered 200,000 shares of class A common stock of National Key Co. at a price of $10 per share. The offering marks the first public sale of the company's stock. This offering was oversubscribed and the books closed.

Of the 200,000 shares offered, 75,000 shares are being sold for the account of the company and 125,000 shares for the account of selling shareholders.

A portion of the net proceeds from the sale of the 75,000 shares of stock to be sold by the company will be used by it for the purchase of six acres of land in Cleveland, Ohio, on which a building is now being constructed. This building will house the company's executive offices and Cleveland operations. The balance of the net proceeds will be added to the company's working capital and will be available for general corporate purposes.

The National Key Co. and its subsidiaries are engaged in the sale of keys, key blanks, key chains, automotive emblems, monograms and miscellaneous notion and jewelry items, and the manufacture and distribution of key duplicating machines. They maintain and operate key duplicating departments in chain stores throughout the United States. Key blanks are also sold to a large number of customers for cutting by them. The company has also recently entered into an agreement with a leading chain store for the operation of shoe repair departments.

Upon completion of the current financing, there will be 200,000 shares of class A common stock and 475,000 shares of class B common stock outstanding.

New Mitchell Office

AIKEN, S. C.—G. J. Mitchell, Jr. Co. has opened a branch office at 306 Park Avenue, Southwest under the management of Robert E. Kenney, Jr.

Guerdon Smith Branch

LOS ANGELES, Calif.—Guerdon Smith & Company has opened a branch office at 2975 Wilshire Boulevard.

New Schmidt Office

PHILADELPHIA, Pa.—Henry C. Schmidt has opened a branch office in the Philadelphia Bourse, 5th Below Market.

Forms United Inv. Planning

SAN ANTONIO, Texas—Benjamin A. Trevino is engaging in a securities business from offices at 227 West Hermine Boulevard under the firm name of United Investors Planning.

White, Weld Branch

BETHLEHEM, Pa.—White, Weld & Co. has opened a branch office at 35 East Elizabeth Avenue under the management of David M. Dockham.

P. R. Crittenden Opens

NORTH SYRACUSE, N. Y.—P. Robert Crittenden is engaging in a securities business from offices on Smith Road under the firm name of R. Crittenden & Company.

With Goldman, Sachs

CHICAGO, — Ill. Terence P. A. Brennan is now affiliated with Goldman, Sachs & Co., 135 South La Salle Street.

The Security I Like Best

Continued from page 2

architectural beauty and industrial efficiency, it has attracted widespread attention. In May, 1959, The Stuart Company was given a **McGraw Hill Co.** award as one of the "Ten Top Plants of the Year."

The product line has continually expanded and is now represented by over 30 items, including items in the general classifications of amino acids, hematinic products, multi-vitamin and mineral products, lipotropic items, growth and appetite stimulants, obesity control, bulk laxative, urinary tract therapy and hydrochloric acid therapy.

During the past year, "Stuart" has introduced a number of new products to the medical profession which the company reports are making substantial contributions to the sales and earnings picture. In April of this year, two new and unique effervescent bulk laxatives, Effergel and Effersyl, were marketed nationally. A third laxative, Effersyllium, has just been released. Also, an improved obesity control product, Amvicel-X, was introduced and the product acceptance exceeded all expectations. The total national laxative market alone, consists of approximately $146 million sales annually.

"Stuart" was the first to use Softab, a pleasant tasting tablet that can be taken without the use of water (liquid in tablet form). Four products are now in this form including Softran, a new and very effective tranquilizer.

It is the present plan of the company to market-test all products before offering them on a national scale. Currently, three new laboratory developments are being market-tested in limited areas. One product is Mylicon, representing a completely new approach to the relief of distress from entrapped gas. Physicians have also evaluated this product as a definite advance in the safety and protection of a patient after surgery. Some are recommending Mylicon for the relief of colic in infants. This product is still in clinical study.

Research and development have been increased substantially at the company's new laboratory facilities permitting additional study relating to organic synthesis, and natural product investigations.

A highly trained sales organization consisting of approximately 175 men make periodic calls directly to the medical profession. Distribution is made on all products to major marketing areas of this country, as well as in several foreign countries.

Sales and earnings, et cetera, are shown in the highlights tabulated below, indicating an aggressive growth pattern.

Net income after taxes equaled 25% of the sales in fiscal 1959.

Financially sound, The Stuart Company's current assets for the fiscal year ending March, 1959 were $2,650,292, including $843,000 cash. Current liabilities were $1,202,357. This provides a current ratio of 2.20-to-1 or a working capital of $1,447,935. The company has no long-term debt, and no bank loans. Total net assets amount to $4,442,800. Of the 747,850 shares outstanding 348,480 are in a Voting Trust expiring June, 1970. All officers and directors are reported to own in aggregate approximately 490,000 shares of common stock.

Dividends are currently paid at the annual rate of $0.64 per share. In December, 1956, a stock dividend of 10% was paid, and in January, 1957, the stock was split 2-for-1. Management's primary objective, however, is to build a cash position up to about $2 million before seriously considering an increase in the cash dividend, or another stock dividend.

Response of employees to the unusual working environment and recreational facilities has been most gratifying, proof that excellent working conditions can contribute greatly to both morale and efficiency of operation.

At the executive level, overall planning and departmental coordination have benefited greatly as a result of having all the management personnel under one roof.

Current activities are moving at a peak level, about 15% ahead of last year, and sales again should reach a new record-high level. Earnings, due to better operational efficiency could increase 25%, or about $1.75 per share in fiscal 1960.

A realistic appraisal of the foregoing would indicate that this company is a sound investment for the conservative investor seeking a pattern of long-term appreciation.

The Stuart Company is traded in the Over-the-Counter Market at a recent price of 34.

Fiscal Year End. Mar. 31	Net Sales	Net Income	*Per Share Earnings	†Dividend	—†Price Range— High	Low
1951	$3,833,600	$452,300	$0.60	$0.26	--	--
1952	4,319,000	*360,800	0.48	0.31	--	--
1953	4,872,300	*375,900	0.50	0.36	8¾	6
1954	5,004,800	*405,100	0.54	0.36	8	6
1955	5,852,800	627,900	0.84	0.41	9¼	6⅞
1956	7,243,200	944,800	1.26	0.51	17¾	9
1957	7,697,300	1,025,500	1.37	0.59	23¼	17¼
1958	8,012,400	1,069,200	1.43	0.64	28½	20
1959	8,350,000	1,071,900	1.43	0.64	39	27

*After Excess Profits Tax. †Adjusted for Stock Dividend and Split.

Forty-Eighth Annual Convention of Investment Bankers Assn. of America

The 1959 Annual Convention of the Investment Bankers Association will be held at The Americana, Bal Harbour, Miami Beach, Fla., beginning on Sunday, Nov. 29, and ending on Friday, Dec. 4.

The first business session of the convention will be a Municipal Forum on Sunday afternoon. There will then be convention sessions each morning from Monday through Thursday. In addition, there will be meetings of the Board of Governors and many of the National Committees of the Association will hold meetings during the convention and will present their annual reports at that time. No business sesssions are planned for Friday, nor, with the exception of the Municipal Forum on Sunday afternoon and a meeting of the incoming Board of Governors on Thursday afternoon, are any planned for the afternoons, which will be left free for recreation.

It is hoped very much that each member organization will impress upon its representatives the importance of attending the convention sessions.

Regular Ticket

The Board of Governors, pursuant to Article Six, Section 7, of the Constitution, will submit to the convention the Regular Ticket for 1959-60, as follows:

FOR PRESIDENT

John C Hagan, Jr., *Mason-Hagan, Inc.*, Richmond

FOR VICE-PRESIDENTS

William M. Adams, *Braun, Bosworth & Co.*, Detroit
Warren H. Crowell, *Crowell, Weedon & Co.*, Los Angeles
Edward Glassmeyer, *Blyth & Co., Inc.*, New York
George A. Newton, *G. H. Walker & Co.*, St. Louis
Robert O. Shepard, *Prescott, Shepard & Co., Inc.*, Cleveland

The registration fee for the convention will be $50 per person. It will apply to each man and woman registered for the convention with certain exceptions. Checks covering registration fees should be made payable to the Association and forwarded to its office in Washington with the form for convention registration and hotel reservations.

All reservations for rooms at the convention hotels should be made through the Association's office. Confirmation of reservations will be made as promptly as possible, but due to the time required for processing them, there will necessarily be some delay in this connection.

The Americana will be the headquarters hotel. It will not, however, accommodate the entire convention group and it will be necessary to place some of those attending at The Balmoral, which is immediately next door and connected with The Americana by a short bridge. Those staying at The Balmoral will go to The Americana for luncheon and dinner, but may have breakfast at either hotel.

The rooms at both hotels are double rooms and the number which can be assigned for single occupancy will be limited. It is important, therefore, that arrangements be made to share accommodations to as great an extent as possible. If single applications should be excessive, it will be necessary to assign roommates.

Convention Transportation

NEW YORK SPECIAL TRAIN

The route of the train in both directions will be Pennsylvania Railroad between New York and Washington, R. F. & P. Railroad between Washington and Richmond, and Seaboard Air Line Railroad between Richmond and Hollywood (which is the most convenient Seaboard station for Americana passengers). The schedules will be as follows:

Going Schedule

Lv. New York	*Saturday,*	*Nov. 28*		11:05 a.m.
Lv. Newark	"	"	"	11:20 a.m.
Lv. North Philadelphia	"	"	"	12:31 p.m.
Lv. 30th St. Philadelphia	"	"	"	12:41 p.m.
Lv. Baltimore	"	"	"	2:10 p.m.
Lv. Washington	"	"	"	3:20 p.m.
Lv. Richmond	"	"	"	5:55 p.m.
Ar. Hollywood	*Sunday,*	*Nov. 29*		11:35 a.m.

Return Schedule

Lv. Hollywood	*Friday,*	*Dec. 4*		1:30 p.m.
Ar. Richmond	*Saturday,*	*Dec. 5*		8:05 a.m.
Ar. Washington	"	"	"	10.25 a.m.
Ar. Baltimore	"	"	"	11:16 a.m.
Ar. 30th St. Philadelphia	"	"	"	12:44 p.m.
Ar. North Philadelphia	"	"	"	12:54 p.m.
Ar. Newark	"	"	"	2:05 p.m.
Ar. New York	"	"	"	2:20 p.m.

If there are insufficient reservations for a return special train, special cars will be operated via the same route on a regular train leaving Hollywood at 1:28 p.m. and arriving in New York the following day at 3:10 p.m. Return service will also be available via the same route on a regular train leaving Hollywood at 9:25 a.m. and arriving in New York the following day at 10:25 a.m.

Pullman Reservations—Pullman reservations for the going trip should be made through the New York Transportation Committee, of which William H. Todd, Kuhn, Loeb & Co., 30 Wall Street, New York 5, N. Y., is Chairman. One-way fares (including Federal tax) to Hollywood are as follows:

	Dbl. Room 2 Persons	Compt. 2 Persons	Bedroom 2 Persons	Bedroom 1 Person	Roomette
New York	$66.11	$48.68	$44.99	$37.07	$27.94
Newark	66.11	48.68	44.99	37.07	27.94
Philadelphia	63.64	46.92	43.34	35.75	26.84
Baltimore	59.07	43.62	40.43	33.28	25.08
Washington	53.19	38.12	35.04	30.14	22.17
Richmond	47.41	33.99	31.08	26.84	19.75

Certificates covering Pullman space will be issued in lieu of regulation Pullman tickets. Certificates will be mailed if applications are received promptly. Otherwise they may be picked up at the office of William H. Todd, prior to 5:00 p.m. on Friday, Nov. 27. Refunds cannot be made on cancellations which are not made prior to date of departure.

Pullman reservations for the return trip of the special train should be made through D. A. Kornhoff, Passenger Sales Representative, The Pennsylvania Railroad, Room 401, Pennsylvania Station, New York 1, N. Y., at the earliest possible date in order that satisfactory arrangements may be completed. If this is not possible, or if plans change, they may be made through the railroad representatives who will be present at The Americana during the convention.

Railroad Tickets—Railroad tickets should be purchased from local agents. Those in charge of going Pullman reservations will not be able to supply them. Round-trip railroad fares (including Federal tax) to Hollywood from points served by the special train are as follows:

New York	$128.01	Baltimore	$101.85
Newark	126.84	Washington	95.98
Philadelphia	116.06	Richmond	86.35

It is not planned to operate a special car from Pittsburgh, but Pittsburgh members wishing to travel to the convention by rail may make their reservations through A. Lowrie Applegate, Hulme, Applegate & Humphrey, Inc., Union Trust Building, Pittsburgh 19, Pennsylvania.

CHICAGO-ST. LOUIS SPECIAL CARS

These cars will be operated on "The Seminole," the route of which is Illinois Central Railroad to Birmingham, Central of Georgia Railway to Albany, Atlantic Coast Line to Jacksonville, and Florida East Coast Railway to North Miami. The schedule will be as follows:

Lv. Chicago	*Friday,*	*Nov. 27*		5:10 p.m.
Lv. St. Louis	"	"	"	7:15 p.m.
Lv. Carbondale	"	"	"	10:58 p.m.
Lv. Birmingham	*Saturday,*	*Nov. 28*		8:15 a.m.
Lv. Columbus	"	"	"	1:45 p.m.
Lv. Jacksonville	"	"	"	10:00 p.m.
Ar. North Miami	*Sunday,*	*Nov. 29*		8:00 a.m.

Pullman Reservations—The yellow form which accompanies this bulletin should be used for requesting Pullman reservations for the going trip of the Chicago-St. Louis special cars. Persons wishing to board the cars at Chicago or Birmingham should mail the form to Matthew J. Hickey III, Hickey & Co., 135 S. LaSalle Street, Chicago 3, Ill. Those wishing to board at St. Louis should mail it to Harry Theis, Albert Theis & Sons, Inc., 314 N. Fourth Street, St. Louis 2, Mo. One-way Pullman fares (including Federal tax) to North Miami are as follows:

	Dbl. Room 2 Persons	Compartment 2 Persons	Bedroom 2 Persons	Bedroom 1 Person
Chicago	$64.57	$46.26	$42.35	$36.58
St. Louis	60.06	43.01	39.55	34.21
Birmingham	39.55	28.33	26.02	22.44

It is not planned to operate special cars for the return trip and Pullman reservations for that trip should be made through local ticket agents prior to departure for North Miami. If that is not possible, or if plans change, they may be made through the railroad representatives who will be present at The Americana during the convention.

Railroad Tickets—Railroad tickets should be purchased from local agents. Those in charge of going Pullman reservations will not be able to supply them. Round-trip railroad fares (including Federal tax) to North Miami from points served by the special cars are as follows:

Chicago, $120.84 • St. Louis, $106.15 • Birmingham, $67.82

NEW ORLEANS SPECIAL CAR

A special car or cars will leave New Orleans at 5:50 p.m. on Friday, Nov. 27, on the Louisville & Nashville "Gulf Wind," with arrival in Hollywood at 4:00 p.m. on Saturday, Nov. 28, on the Seaboard "Silver Meteor." For the return trip (if demand is sufficient), departure from Hollywood will be at 9:25 a.m. on Saturday, Dec. 5, on the "Silver Meteor," with arrival in New Orleans at 8:30 a.m. on Sunday, Dec. 6, on the "Gulf Wind." Drawing rooms, compartments, and bedrooms will be available. Reservations should

Continued on page 43

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated Steel operations (per cent capacity)	Oct. 31	§13.0	*13.1	12.8	75.0
Equivalent to—					
Steel ingots and castings (net tons)	Oct. 31	§368,000	*371,000	362,000	2,024,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Oct. 16	6,839,025	*6,808,775	6,822,675	6,892,585
Crude runs to stills—daily average (bbls.)	Oct. 16	*7,759,000	7,688,000	7,994,000	7,613,000
Gasoline output (bbls.)	Oct. 16	28,111,000	27,625,000	29,192,000	25,991,000
Kerosene output (bbls.)	Oct. 16	2,157,000	1,971,000	1,817,000	2,452,000
Distillate fuel oil output (bbls.)	Oct. 16	11,796,000	12,612,000	12,326,000	12,704,000
Residual fuel oil output (bbls.)	Oct. 16	5,999,000	5,537,000	6,082,000	6,838,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Oct. 16	178,732,000	177,613,000	180,782,000	170,361,000
Kerosene (bbls.) at	Oct. 16	33,440,000	32,814,000	32,486,000	31,520,000
Distillate fuel oil (bbls.) at	Oct. 16	179,990,000	177,670,000	170,253,000	161,341,000
Residual fuel oil (bbls.) at	Oct. 16	59,599,000	59,040,000	58,167,000	68,020,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Oct. 17	580,768	558,780	578,240	696,403
Revenue freight received from connections (no. of cars)	Oct. 17	518,499	519,257	496,059	564,203
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Oct. 22	$261,000,000	$264,300,000	$410,700,000	$251,425,000
Private construction	Oct. 22	146,500,000	145,400,000	226,800,000	103,812,000
Public construction	Oct. 22	114,500,000	118,900,000	183,900,000	147,613,000
State and municipal	Oct. 22	96,200,000	110,600,000	121,200,000	120,849,000
Federal	Oct. 22	18,300,000	8,300,000	62,200,000	26,764,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Oct. 17	7,870,000	*7,765,000	7,780,000	8,700,000
Pennsylvania anthracite (tons)	Oct. 17	365,000	376,000	379,000	464,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Oct. 17	160	151	158	146
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Oct. 24	12,762,000	12,861,000	12,878,000	12,174,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Oct. 22	250	252	282	275
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Oct. 20	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Oct. 20	$66.41	$66.41	$66.41	$66.41
Scrap steel (per gross ton)	Oct. 20	$45.17	$44.50	$42.50	$42.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Oct. 21	32.175c	32.425c	30.975c	27.175c
Export refinery at	Oct. 21	29.450c	28.125c	37.325c	29.625c
Lead (New York) at	Oct. 21	13.000c	13.000c	13.000c	13.000c
Lead (St. Louis) at	Oct. 21	12.800c	12.800c	12.800c	12.800c
‡Zinc (delivered) at	Oct. 21	12.500c	12.500c	11.505c	11.500c
Zinc (East St. Louis) at	Oct. 21	12.000c	12.000c	11.005c	11.000c
Aluminum (primary pig, 99.5%) at	Oct. 21	24.700c	24.700c	24.700c	24.700c
Straits tin (New York) at	Oct. 21	101.625c	102.375c	102.625c	96.875c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Oct. 27	83.44	83.29	81.71	88.09
Average corporate	Oct. 27	84.04	84.04	84.04	89.92
Aaa	Oct. 27	87.99	87.99	88.13	94.40
Aa	Oct. 27	85.33	85.46	85.59	93.08
A	Oct. 27	84.17	84.04	83.40	89.64
Baa	Oct. 27	79.13	78.90	79.49	83.40
Railroad Group	Oct. 27	82.90	82.77	82.90	87.99
Public Utilities Group	Oct. 27	83.40	83.03	83.28	89.64
Industrials Group	Oct. 27	85.98	86.11	85.98	92.35
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Oct. 27	4.17	4.19	4.36	3.60
Average corporate	Oct. 27	4.86	4.86	4.86	4.42
Aaa	Oct. 27	4.56	4.56	4.55	4.11
Aa	Oct. 27	4.76	4.75	4.74	4.20
A	Oct. 17	4.85	4.86	4.91	4.44
Baa	Oct. 27	5.26	5.28	5.23	4.91
Railroad Group	Oct. 27	4.95	4.96	4.95	4.56
Public Utilities Group	Oct. 27	4.91	4.94	4.92	4.44
Industrials Group	Oct. 27	4.71	4.70	4.71	4.25
MOODY'S COMMODITY INDEX	Oct. 27	384.8	379.7	378.4	389.0
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Oct. 17	285,609	376,005	314,041	260,256
Production (tons)	Oct. 17	332,662	331,221	327,749	311,174
Percentage of activity	Oct. 17	98	98	98	95
Unfilled orders (tons) at end of period	Oct. 17	523,694	570,331	546,998	446,577
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Oct. 23	111.05	111.09	108.99	108.60
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Oct. 2	1,969,230	2,419,910	1,797,350	2,535,860
Short sales	Oct. 2	343,680	387,090	240,090	564,930
Other sales	Oct. 2	1,711,170	2,241,510	1,481,820	2,077,360
Total sales	Oct. 2	2,054,850	2,628,600	1,721,910	2,642,290
Other transactions initiated off the floor—					
Total purchases	Oct. 2	569,980	506,040	292,770	765,790
Short sales	Oct. 2	57,710	56,400	11,200	38,300
Other sales	Oct. 2	544,310	577,000	238,200	661,200
Total sales	Oct. 2	602,020	633,400	249,400	699,500
Other transactions initiated on the floor—					
Total purchases	Oct. 2	824,580	769,645	528,890	872,145
Short sales	Oct. 2	145,380	179,900	92,530	167,950
Other sales	Oct. 2	953,415	853,743	785,275	922,007
Total sales	Oct. 2	1,098,795	1,033,643	877,805	1,089,957
Total round-lot transactions for account of members—					
Total purchases	Oct. 2	3,362,790	3,695,595	2,619,010	4,173,795
Short sales	Oct. 2	546,770	623,390	343,820	771,180
Other sales	Oct. 2	3,208,895	3,672,253	2,505,295	3,660,567
Total sales	Oct. 2	3,755,665	4,295,643	2,849,115	4,431,747
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Oct. 2	1,667,559	2,124,622	1,490,405	1,604,009
Dollar value	Oct. 2	$82,644,477	$111,853,527	$77,055,016	$76,923,218
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Oct. 2	1,137,874	1,382,595	1,167,135	1,639,940
Customers' short sales	Oct. 2	22,681	36,759	13,620	6,105
Customers' other sales	Oct. 2	1,115,193	1,345,836	1,155,515	1,633,835
Dollar value	Oct. 2	$55,751,097	$70,450,752	$59,816,569	$75,079,964
Round-lot sales by dealers—					
Number of shares—Total sales	Oct. 2	242,450	288,080	320,430	546,710
Short sales	Oct. 2	------	------	------	------
Other sales	Oct. 2	242,450	288,080	320,430	546,710
Round-lot purchases by dealers— Number of shares	Oct. 2	775,130	1,029,770	600,300	505,310
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Oct. 2	761,920	891,680	467,110	905,900
Other sales	Oct. 2	13,409,690	15,615,360	11,482,210	19,330,320
Total sales	Oct. 2	14,171,610	16,507,040	11,949,320	20,236,220
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Oct. 20	119.1	*119.2	119.6	118.6
Farm products	Oct. 20	86.1	*86.5	88.9	91.3
Processed foods	Oct. 20	106.1	*106.2	107.4	109.9
Meats	Oct. 20	94.7	95.7	99.8	105.1
All commodities other than farm and foods	Oct. 20	128.5	128.5	128.3	126.1

*Revised figure. ¶Includes 1,067,000 barrels of foreign crude runs. §Based on new annual capacity of 147,633,670 tons as of Jan. 1, 1959, as against Jan. 1, 1958 basis of 140,742,570 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR—Month of Sept. (in millions):			
Total new construction	5,097	5,291	4,745
Private construction	3,533	3,642	3,157
Residential buildings (nonfarm)	2,100	2,135	1,746
New dwelling units	1,590	1,614	1,327
Additions and alterations	440	450	366
Nonhousekeeping	70	71	53
Nonresidential buildings	773	811	736
Industrial	166	175	167
Commercial	352	369	318
Office buildings and warehouses	171	178	170
Stores, restaurants, and garages	181	191	148
Other nonresidential buildings	255	267	251
Religious	86	89	80
Educational	44	46	54
Hospital and institutional	48	50	51
Social and recreational	52	55	43
Miscellaneous	25	27	23
Farm construction	174	189	157
Public utilities	466	488	500
Railroad	29	29	27
Telephone and telegraph	83	84	75
Other public utilities	354	375	398
All other private	20	19	18
Public construction	1,564	1,649	1,588
Residential buildings	62	69	79
Nonresidential buildings	382	410	427
Industrial	26	29	32
Educational	223	239	259
Hospital and institutional	37	40	36
Administrative and service	52	57	58
Other nonresidential buildings	44	45	42
Military facilities	136	135	155
Highways	657	695	627
Sewer and water systems	138	142	130
Sewer	86	88	80
Water	52	54	50
Public service enterprises	65	68	52
Conservation and development	104	109	101
All other public	20	21	17
BUSINESS FAILURES—DUN & BRADSTREET, INC.—Month of September:			
Manufacturing number	192	187	187
Wholesale number	105	103	96
Retail number	563	542	506
Construction number	191	181	163
Commercial service number	93	122	87
Total number	1,144	1,135	1,039
Manufacturers' liabilities	$15,974,000	$18,559,000	$18,167,000
Wholesale liabilities	6,992,000	5,359,000	5,937,000
Retail liabilities	16,098,000	15,362,000	14,112,000
Construction liabilities	12,595,000	12,061,000	7,841,000
Commercial service liabilities	3,077,000	3,160,000	2,046,000
Total liabilities	$54,736,000	$54,501,000	$48,103,000
BUSINESS INCORPORATIONS (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.—Month of September	14,592	14,329	12,932
CROP PRODUCTION — CROP REPORTING BOARD U. S. DEPT. OF AGRICULTURE— Crop as of October 1 (in thousands):			
Corn, all (bushels)	4,429,154	4,381,772	3,799,844
Wheat, all (bushels)	1,117,430	1,116,405	1,462,218
Winter (bushels)	909,333	909,333	1,179,924
All spring (bushels)	208,097	207,072	282,294
Durum (bushels)	20,546	20,454	22,077
Other spring (bushels)	187,551	186,618	260,217
Oats (bushels)	1,075,378	1,075,378	1,422,164
Barley (bushels)	408,442	408,442	470,449
Rye (bushels)	20,996	20,996	32,485
Flaxseed (bushels)	21,790	23,756	39,543
Rice (100-lb. bag)	52,553	51,603	47,015
Sorghum grain (bushels)	573,183	565,629	614,845
Cotton (bales)	14,692	14,678	11,512
Hay, all (tons)	113,884	111,185	121,924
Hay, wild (tons)	8,946	8,946	10,481
Hay, alfalfa (tons)	64,548	62,213	67,134
Hay, clover and timothy (tons)	22,524	22,524	24,441
Hay, lespedeza (tons)	5,012	4,767	6,017
Beans, dry edible (cleaned—100 lb. bags)	19,300	19,088	18,981
Peas, dry field (cleaned—100 lb. bags)	4,191	4,191	2,475
Soybeans for beans (bushels)	529,793	532,669	574,413
Peanuts (pounds)	1,673,120	1,710,300	1,835,800
Potatoes (hundredweight)—			
Winter	3,874	3,874	4,971
Early spring	3,311	3,311	4,703
Late spring	22,553	22,553	24,152
Early summer	13,806	13,806	14,659
Late summer	32,774	33,705	34,308
Fall	167,225	169,648	182,936
Total	243,543	246,897	265,729
Sweetpotatoes (hundredweight)	18,036	17,974	17,434
Tobacco (pounds)	1,819,689	1,857,863	1,736,204
Sugarcane for sugar and seed (tons)	8,182	8,316	6,681
Sugar beets (tons)	16,538	16,305	15,183
Broomcorn (tons)	32	32	33
Hops (pounds)	53,403	53,385	48,407
Apples, commercial crop (bushels)	115,843	118,274	126,610
Peaches (bushels)	72,806	72,356	71,069
Pears (bushels)	31,110	31,308	28,890
Grapes (tons)	3,248	3,082	3,026
Cherries (tons)	219	219	192
Apricots (tons)	230	230	108
Cranberries (barrels)	1,273	1,264	1,166
Pecans (pounds)	129,700	132,300	174,750
NEW YORK STOCK EXCHANGE— As of Sept. 30 (000's omitted):			
Member firms carrying margin accounts—			
Total customers' net debit balances	$3,408,000	*$3,424,000	$3,131,000
Credit extended to customers	158,000	154,000	122,000
Cash on hand and in banks in U. S.	377,000	374,000	345,000
Total of customers free credit balances	1,039,000	1,035,000	1,719,000
Market value of listed shares	290,563,856	304,568,809	248,388,149
Market value of listed bonds	103,472,784	104,879,730	107,710,859
Member borrowings on U. S. Govt. issues	427,000	*488,000	254,000
Member borrowings on other collateral	2,255,000	*2,314,000	1,972,000
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of September (in billions):			
Total personal income	$379.6	$380.0	$364.2
Wage and salary receipts, total	258.2	258.8	242.5
Commodity producing industries	106.1	106.8	99.3
Manufacturing only	84.1	84.0	77.9
Distributing industries	68.1	68.3	64.1
Service industries	37.7	37.6	35.0
Government	46.2	46.0	44.1
Other labor income	10.2	10.1	9.3
Business and professional	34.7	34.9	32.8
Farm	9.6	10.0	14.3
Rental income of persons	12.0	12.0	11.9
Dividends	13.5	13.4	12.6
Personal interest income	23.0	22.7	20.6
Transfer payments	26.8	26.5	27.3
Less employees' contribution for social insurance	8.3	8.4	7.1
Total nonagricultural income	366.2	366.3	346.1

Shell Elect. Corp. Stock Offered

Schweickart & Co., on Oct. 27 publicly offered 170,000 shares of common stock (par 10 cents) of Shell Electronics Manufacturing Corp. at $2 per share.

The company's current business may be divided into two categories: (1) The design, assembly, and sale of electronic indicating devices, under the registered trademark "Test-O-Matic" and, (2) The design, assembly, and sale of high fidelity components under the trade designation of "Shell."

Until May 1959 the company's entire sales were derived from tube testers and a modulation monitor. At the present time the company manufactures a variety of six models of tube testers, four of which are intended for self-service operation and are sold to wholesale outlets, and two of which are for technicians' and servicemen's use. The modulation monitor, a field strength meter which was introduced in October of 1958, accounts for about 1% of sales and is used primarily in testing relative power-output frequency, audio level, modulation distortion, hum level, and harmonic content of short - wave transmitters. The four self-service testers have a suggested price of from $91.85 to $199.95, the two technicians' and servicemen's models of $6.95 and $79.95, and the modulation monitor of $29.95.

Since May 1959 the company has been assembling a stereo amplifier designed to operate in conjunction with a turntable and arm equipped with a crystal or ceramic cartridge or an AM and FM tuner. The amplifier has a suggested retail price of $68.00 and to date approximately 555 units have been sold.

The company has completed its design and engineering work and is now in production on two additional high fidelity stereo amplifiers. The new amplifiers contain pre - amplifiers to accommodate low gain equipment such as magnetic cartridges and tape heads. These amplifiers have a suggested retail price of $79.00 and $129.95 and to date some 250 units of both types have been sold.

The company intends in December, 1959 to place in production an additional tube tester for the use of technicians and servicemen, described as a mutual conductance tester, designed to measure the gain of tubes rather than electrical emission. It is expected to have a higher degree of accuracy than other models now sold by the company.

The company is completing its design and engineering work on a High Fidelity FM Tuner which it expects to place in production in January, 1960. The work on this tuner was deferred in favor of completing production of the new high fidelity stereo amplifiers and bringing to completion the production of the citizens band transceiver.

With Richard Harrison

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif.—Lawrence C. Albers is now connected with Richard A. Harrison, Inc., 2200 16th Street.

Two With Mitchum, Jones

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif. — Stanley R. Baldwin and Robert C. Cunningham have become affiliated with Mitchum, Jones & Templeton, 926 J Building.

With Hooker & Fay

SAN FRANCISCO, Calif.—Arnold Masson has become associated with Hooker & Fay, 221 Montgomery Street, members of the New York and Pacific Coast Stock Exchanges. Mr. Masson was formerly with Stone and Youngberg.

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be made through H. Wilson Arnold, Arnold & Crane, National Bank of Commerce Building, New Orleans 12, La. Space will be released to local agents.

AIR TRANSPORTATION

Special section flights have been arranged between New York and Miami as follows:

Going

Lv. New York*	*Friday, Nov. 27*	3:00 p.m.
Ar. Miami	" " "	6:15 p.m.
(Eastern Air Lines, Special Section Flight 601)		
Lv. New York*	*Friday, Nov. 27*	1:15 p.m.
Ar. Miami	" " "	3:40 p.m.
(National Airlines, Flight 5)		
Lv. New York*	*Saturday, Nov. 28*	1:15 p.m.
Ar. Miami	" " "	3:40 p.m.
(National Airlines, Flight 5)		

Returning

Lv. Miami	*Sunday, Dec. 6*	4:00 p.m.
Ar. New York*	" " "	7:15 p.m.
(Eastern Air Lines, Special Section Flight 604)		
Lv. Miami	*Sunday, Dec. 6*	5:15 p.m.
Ar. New York*	" " "	7:40 p.m.
(National Airlines, Flight 8)		

*Idlewild Airport.

Reservations for the above flights should be made through Harold H. Sherburne, Bacon, Whipple & Co., 1 Wall Street, New York 5, N. Y. The round-trip fare (including Federal tax) between New York and Miami is $177.76. There is an extra charge of $11:00 each way on the National Airlines jet flights. There is also a 16-day first-class excursion fare of $142.23 which is valid until Dec. 10. This excursion fare, however, is not applicable to jet service. Provision can be made so that those desiring to return earlier or later than the flights scheduled above may go one way with a convention group and the other on a regular scheduled flight on either Eastern Air Lines or National Airlines.

Limousines will meet all flights listed above to provide transportation from the Miami Airport direct to the hotel at nominal cost. In addition, Drive-Yourself cars can be reserved in advance through the Transportation Committee and picked up on arrival at the Miami Airport.

A. C. Allyn Branch

POMPANO BEACH, Fla. — A. C. Allyn & Co. has opened a new branch office at 2769 Atlantic Boulevard under the direction of Roger G. Johnson and Robert H. Davis III.

New Binder Branch

BEVERLY HILLS, Calif.—Binder & Company, Inc. has opened a branch office at 140 South Beverly Drive, under the management of Willard H. Lea.

Carlson Opens Branch

MONTGOMERY, Ala.—Carlson & Company has opened a branch office at 242 Montgomery Street under the management of Charles A. Stevens.

Kentucky Co. Opens Branch

PADUCAH, Ky.—The Kentucky Company has opened a branch office in the Guthrie Building under the management of William L. Hardy.

DIVIDEND NOTICE

QUALITY

The American Tobacco Company

217TH COMMON DIVIDEND

A regular dividend of One Dollar ($1.00) per share has been declared upon the Common Stock of THE AMERICAN TOBACCO COMPANY, payable in cash on December 1, 1959, to stockholders of record at the close of business November 10, 1959. Checks will be mailed.

October 27, 1959 HARRY L. HILYARD, *Vice President and Treasurer*

© A. T. Co.

With Reynolds & Co.

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif. — John W. Harris has been added to the staff of Reynolds & Co., 919 Tenth Street.

Birr Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Jon F. Hazelwood has become connected with Birr & Co., Inc., 155 Sansome Street, members of the Pacific Coast Stock Exchange.

With Dempsey-Tegeler

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — William H. Ackridge has become associated with Dempsey-Tegeler & Co., Russ Building. Mr. Ackridge was formerly with General American and Canadian Securities, Inc. and prior thereto was in the Trading Department of the local office of William R. Staats & Co.

Joins I. L. Brooks Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Charles T. Decou has joined the staff of I. L. Brooks & Co., Inc., 333 Pine Street, members of the Pacific Coast Stock Exchange.

DIVIDEND NOTICES

CALIFORNIA-PACIFIC UTILITIES COMPANY

Quarterly dividends payable December 15 to shareholders of record December 1, have been declared at the following rates per share:

5% Preferred	25¢
5% Convertible Preferred	25¢
5.40% Convertible Preferred	27¢
5½% Convertible Preferred	27½¢
Common	45¢

D. J. Ley, VICE-PRES. & TREAS.

October 19, 1959

National Distillers and Chemical Corporation

DIVIDEND NOTICE

The Board of Directors has declared a quarterly dividend of 30¢ per share on the outstanding Common Stock, payable on December 1, 1959, to stockholders of record on November 10, 1959. The transfer books will not close.

PAUL C. JAMESON
October 22, 1959. Treasurer

SOUTHERN NATURAL GAS COMPANY

Birmingham, Alabama

Common Stock Dividend No. 83

A regular quarterly dividend of 50 cents per share has been declared on the Common Stock of Southern Natural Gas Company, payable December 14, 1959 to stockholders of record at the close of business on November 30, 1959.

W. S. TARVER, Secretary

Dated: October 23, 1959

Denault Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—James A. Cavanah has been added to the staff of Denault & Co., Russ Building.

With United Securities

LINCOLNTON, N. C.—United Securities Company of Greensboro, North Carolina, has announced the association of Joseph C. Leonard of Lincolnton, North Carolina, as the local representative in Lincolnton and surrounding area.

Mr. Leonard has been identified with business and farming interests in Lincolnton for a number of years.

Two With L. A. Huey

DENVER, Colo. — H. William Braun and Allan Meyer are now with L. A. Huey Co., First National Bank Building.

DIVIDEND NOTICES

United Sta es Pipe and Foundry Company

Birmingham, Ala., October 22, 1959

The Board of Directors this day declared a quarterly dividend of thirty cents (30¢) per share on the outstanding Common Stock of this Company, payable December 15, 1959, to stockholders of record on December 1, 1959.

The transfer books will remain open.

UNITED STATES PIPE AND FOUNDRY COMPANY
JOHN W. BRENNAN, *Secretary & Treasurer*

EATON MANUFACTURING COMPANY

CLEVELAND 10, OHIO

DIVIDEND No. 157

On Oct. 21, 1959, the Board of Directors declared a dividend of forty-five cents (45c) per share on the common shares of the Company, payable Nov. 25, 1959, to shareholders of record at the close of business Nov. 10, 1959.

R. G. HENGST, Secretary

Manufacturing plants in 18 cities, located in six states, Canada and Brazil.

Sinclair

COMMON STOCK DIVIDEND No. 116

On October 21, 1959 a regular quarterly dividend of 75 cents per share was declared on the Corporation's Common Stock, payable December 15, 1959 to stockholders of record at the close of business on November 13, 1959.

SINCLAIR OIL CORPORATION

600 Fifth Avenue New York 20, N.Y.

Southern Railway Company

DIVIDEND NOTICE

New York, October 27, 1959

A dividend of 1¼% (25¢) per share on 3,000,000 shares of Preferred Stock of Southern Railway Company of the par value of $20 per share has today been declared, payable December 15, 1959, to stockholders of record at the close of business November 13, 1959.

A dividend of seventy cents (70¢) per share on the Common Stock without par value of Southern Railway Company has today been declared out of the surplus of net profits of the Company for the fiscal year ended December 31, 1958, payable December 15, 1959, to stockholders of record at the close of business November 13, 1959.

J. J. MAHER, Secretary.

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C. — The temporarily stopped, but far from settled, steel strike shows firm signs now of becoming a springboard for some far-reaching changes in this country's general economic policies.

It could become one of the major issues in next year's election campaign, which up to now appeared likely to be fought on strictly personality questions.

The issue won't be so much whether the government acted soon enough, or correctly, but over the more basic question of whether the Federal Government should be given powers and machinery to prevent such a tragedy from occurring again.

Eager politicians, mostly Democrats, and erstwhile bureaucrats are already getting the wheels in motion for a full-scale fight over this question. Before it's resolved, a host of proposals will be considered. Some may be accepted.

Both union and management in the steel industry are publicly opposing any new laws which would interfere in free collective bargaining. Whether this is absolutely honest, or just for the record, it isn't having any effect on those in the Nation's Capital who either honestly, or for political reasons, are espousing far broader government controls over the country's large industries.

Proposals Vary

Possibilities for reinforcing the Taft-Hartley Act injunction as a means of preventing crippling strikes range far and wide. Solutions from compulsory arbitration by government boards to fact-finding boards appointed by the President during negotiations if a strike is possible are being recommended. "Enforced collective bargaining" is a term often heard in Washington today.

Labor Secretary, James Mitchell, not particularly well liked by unions or management but running hard for the Vice-Presidential nomination next year, is backing what he terms "flexible" machinery for use by the government in handling strikes. He would permit the President to set up a fact-finding board to force both sides to present their arguments in public even before a strike is called.

Senator Joseph C. O'Mahoney, D., Wyo., an ardent business baiter, hints at a proposal to require business to get government's approval before installing automatic machinery which would displace workers. This ignores the fact that most unions already have a pretty firm grip on technological discharges. So-called work practices, which embrace such questions, is of course a major issue in the current steel strike.

Other proposals include changes in the present Taft-Hartley injunction process to permit the President to ask the injunction be invoked before a serious national emergency exists, and to replace the present 80-day maximum time limit with an indefinite time.

More extreme proposals include permitting the government to order compulsory arbitration in such strikes, and even to permit the government to seize a struck industry to force workers back on the job under government management while a settlement is dictated by the government

Powerful Support

In many cases, exact proposals for putting the heavy hand of the Federal Government more deeply into collective bargaining, at least in the large industries, are not yet formulated. Such political powers as Senator Lyndon Johnson, D., Tex., majority leader of the Senate, and House Speaker Sam Rayburn, D., Tex., have warned that "collective bargaining is on trial" in the steel impasse.

Dangers of compulsory arbitration — government wage and price setting, in effect— were long ago spelled out by the late Senator Robert A. Taft. When the original Taft-Hartley Act was under bitter discussion in Congress, he said that compulsory arbitration of utility workers was not included because "if we once begin a process of the government fixing wages, it must end in more and more wage fixing and finally government price fixing."

This next step is also beginning to show up. Along with the proposals for dealing specifically with collective bargaining, the steel strike is causing champions of a host of long-proposed but always-ignored plans to dust them off again.

These include such schemes as requiring large corporations to secure a federal franchise which could be revoked virtually at the whim of a government issuing bureau. This, its proponents say, would be used to prevent such crippling strikes.

"Administered Price" Controversy

Proposals to require corporations in industries where a few firms control most of the output ("administered price industries," some economists call them) to seek government approval before prices are increased are being revised not to include wages in their coverage.

And the depth and damages of the steel strike are also bringing new demands from politicians and some business leaders, as well as bureaucrats for government action to split up the large firms such as U. S. Steel, General Motors, and the large unions too. Failure of Justice Department antitrust officials in the past to manage much separation in these companies in spite of repeated forays indicates that some new laws would be needed to accomplish this proposal, particularly where unions are concerned as they are now exempt from the antitrust laws.

These plans, and modifications of them would appear to be doomed to the same ignoble fate of past years—except when the catalyst of politics is added. Then, they merit close watching.

There is already serious study going on by Democratic leaders as to whether the steel strike can be turned into an election-winning issue. The facts in the steel strike now are so complicated and impossible to simplify that they are of little use.

But the increasingly damaging effects of the strike can be used, these leaders believe. Without taking sides in the strike, they believe they can play on the sympathy of every one for the workers who have already lost on the average $2,000 in wages as the result of the miles-apart position of the two sides.

Regain Popular Support

The Democratic "liberals" reason that they can climb on the "help-the-little-fellow" bandwagon to push legislation that will keep the giants of both industry and unions from letting the country go to pot while they argue. They would propose to do this by clamping some kind of control over collective bargaining, if possible. This, they hope, would force Republicans to take their traditional free enterprise stand with the hope that voters would support the control push as they supported union reform in the last session of Congress.

For the most part, proposals for "enforced collective bargaining" are aimed at industries dominated by the largest U. S. corporations. Steel, autos, chemicals, baking, farm machinery, petroleum, electrical equipment, and other consumer goods are the prime targets.

The impetus for any possible new labor management control or economic control laws will be given to Congress early next year. Senator John Kennedy, D., Mass., plans to open hearings on the steel strike issue before his Senate Labor subcommittee about the first of the year. This study will concentrate on possible changes in the Taft-Hartley Act.

While its spokesmen have been publicly silent thus far, a drive to slide into what might be called partial nationalization of large industries may be kicked off by the Senate Antitrust subcommittee. The subcommittee, headed by Senator Estes Kefauver, has long sought a reason to start some dramatic legislation aimed at the giants of the industrial world. It has made some headlines in sharp attacks on steel, auto, and other firms, but it has not yet been able to generate the heat necessary for legislation.

Probe Planned

Sources in the subcommittee said privately when the steel strike started that they'd be ready to open some kind of investigation as soon as the strike was over. The probe would depend on how the strike was finally settled and whether prices were boosted as a result.

In the meantime, they attacked an alleged "conspiracy" between big companies and big unions to permit successive wage increases and price boosts. A law to control this supposed "conspiracy" or the effects of a breakdown in it, is a natural next proposal for the subcommittee.

The outcome of these steel strike-induced moves will depend largely on what happens in the next two months. If a settlement is reached during the "cooling off" period, the chances for legislation in 1960 or even 1961 will fade. But if it is apparent that the strike will resume—which is entirely possible—then there is a good chance that some new laws will come out of Congress this year.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

"When I asked if you follow instructions I wasn't concerned with the fact that you never open a cracker box by cutting along the dotted line."

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Aubrey Lanston Co. Is Reorganizing

Aubrey G. Lanston & Co., Inc. 20 Broad Street, New York City, dealers in U. S. Government securities, with branches in Boston and Chicago, is being reorganized because of the illness of the founder, Aubrey G. Lanston.


Aubrey G. Lanston


George S. Eccles

Leonard M. Horton has been named President of the firm, succeeding Mr. Lanston who becomes Chairman of the Board. C. Richard Youngdahl has been named Executive Vice-President. Edward A. Reid, formerly Comptroller, has been elected Treasurer.

George S. Eccles, President of the First Security Corp. and First Security Investment Co. of Salt Lake City, has been elected a director and member of the Executive Committee, the Eccles banking interests (which have had an interest in Aubrey G. Lanston & Co. since its inception) having increased their holdings. This was made possible by the willingness of William Rosenwald and his associates to dispose of their holdings. Archibald R. Graustein, a large stockholder in the company, will retain his investment, and is a member of the board of directors.

The company stated that Mr. Lanston's illness was a rare type of malignancy which is responding to treatment, and he is anticipating returning to a regular office schedule.

B. C. Christopher Adds

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Sidney R. Bradley has become connected with B. C. Christopher & Co., Board of Trade Building, members of the New York Stock Exchange.

Joins Yates, Heitner

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—George F. Goodwin is now with Yates, Heitner & Woods, Paul Brown Building, members of the New York and Midwest Stock Exchanges.

With A. G. Edwards

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—John H. Bray has become connected with A. G. Edwards & Sons, 409 North Eighth Street, members of the New York and Midwest Stock Exchanges.

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